



# West Lothian Council

## COUNCIL EXECUTIVE

### 2012/13 GENERAL SERVICES CAPITAL BUDGET

#### REPORT BY HEAD OF FINANCE AND ESTATES

#### **A. PURPOSE OF REPORT**

To enable the Council Executive to agree an updated general services capital budget for 2012/13.

#### **B. RECOMMENDATION**

It is recommended that the Council Executive:

1. Approves the capital budget for 2012/13 as set out in appendix 2 of this report;
2. Approves the capital funding for 2012/13 as set out in section 5 of this report;
3. Notes the £398,000 2011/12 programme saving available for allocation with Strategic Outline Business Cases;
4. Approves the proposal to submit a bid to the Scottish Futures Trust for funding to improve facilities at West Calder High School and agree to delegate authority to Moria Niven, Depute Chief Executive, to coordinate preparation of submission of a bid by the deadline of 21 July 2012, in consultation with the Leader of the Council and the Executive Councillor for Education.

#### **C. SUMMARY OF IMPLICATIONS**

<b>I</b>	<b>Council Values</b>	Focusing on customers' needs, being honest, open and accountable, making best use of our resources, working in partnership.
<b>II</b>	<b>Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)</b>	The council's General Services Capital Programme is managed within the stringent requirements set out in the Prudential Code.
<b>III</b>	<b>Implications for Scheme of Delegations to Officers</b>	None
<b>IV</b>	<b>Impact on performance and performance Indicators</b>	Effective capital implementation is vital to service performance.
<b>V</b>	<b>Relevance to Single Outcome Agreement</b>	None
<b>VI</b>	<b>Resources - (Financial, Staffing and Property)</b>	Capital expenditure of £31.402 million is projected in 2012/13.
<b>VII</b>	<b>Consideration at PDSP</b>	Asset Lead Officers will provide asset performance management reports to relevant Policy Development and Scrutiny Panels.

## VIII Other consultations

Members of each of the nine Local Area Committees (LACs) were consulted on the proposed capital investment for their ward area for 2012/13.

### D. TERMS OF REPORT

#### 1. Background

The Council Executive, on 20 November 2007, approved a ten year capital investment and asset management strategy for 2008/09 to 2017/18. This was a culmination of an exercise involving business cases for investment and a corporate prioritisation process. This report sets out the proposed capital budget for 2012/13 as well as advising of the 2011/12 outturn.

#### 2. 2011/12 General Services Capital Programme Outturn

The final outturn position shows expenditure in 2011/12 of £38.865 million as shown in the table below. The £4.718 million outturn for 2011/12 comprises net slippage, after over programming, of £4.320 million, with a saving of £398,000.

<b>Asset Category</b>	<b>Updated Budget £'000</b>	<b>Spend to 31 March 2012 £'000</b>	<b>Actual Variance £'000</b>
ICT Assets	4,772	3,557	(1,215)
Open Space Assets	3,875	2,628	(1,247)
Property Assets	24,561	19,800	(4,761)
Roads and Related Assets	12,057	11,274	(783)
Other Assets	2,318	1,606	(712)
Overprogramming	(4,000)	N/A	4,000
<b>Total Expenditure</b>	<b>43,583</b>	<b>38,865</b>	<b>(4,718)</b>

#### 3. LAC Consultation

As part of the annual consultation process, local members were consulted in June. Members were asked to consider the content of the budgets and the scheduling of individual projects in 2012/13. The comments received during the consultation exercise have been considered and incorporated in the updated plan. A summary of the main points is included in appendix 1 for information.

#### 4. 2012/13 Updated Capital Plan

An extensive exercise was completed with asset lead officers to ensure that project phasing within the plan is realistic and achievable. Total proposed investment for 2012/13 is £31.402 million, a detailed breakdown is provided in appendix 2. The investment by asset category is:

<b>Asset Category</b>	<b>2012/13 Proposed Budget £'000</b>
ICT Assets	5,024
Open Space Assets	3,803
Property Assets	12,114
Roads and Related Assets	10,461
<b>Total</b>	<b>31,402</b>

The proposed investment incorporates the carry forwards from 2011/12 and projects funded from 2011/12 revenue budget savings such as improvements to be made to both the Beattie and Burnhouse schools.

## 5. Capital Resources

To fund the general services capital investment there are various sources of projected funding identified as follows:

<b>Revised Funding Source</b>	<b>£'000</b>
Borrowing	9,207
Capital Grants	10,922
Other Contributions	5,061
Capital Receipts	2,212
Overprogramming	4,000
<b>Total Resources</b>	<b><u>31,402</u></b>

In overall terms, I would assess that the revised resource projections are achievable. Capital receipts have been adjusted in 2012/13 to reflect a realistic assessment of what can be achieved.

Following a review of capital resources and the interest rate environment, it is proposed that use of the capital fund is deferred until 2013/14. This proposal has been discussed with the council's treasury advisors, Sector, and is deemed appropriate. Rephasing will ensure that borrowing required for the capital programme is secured at a beneficial rate to the council, ensuring best value in treasury management.

The capital budget for 2012/13 includes £4 million of overprogramming. Given the risks inherent within a budget made up of a significant number of projects, this level of overprogramming is considered realistic. Resources will continue to be carefully monitored and updates provided in line with reporting requirements.

## 6. Scottish Futures Trust Funding Bid for West Calder High School

The Scottish Government has invited local authorities to submit an application in July 2012 for funding from The Scottish Futures Trust (Schools of the future). It is proposed that West Lothian Council submit an application for funding to improve PE facilities and upgrade dining, social facilities and curricular/support accommodation at West Calder High School to bring the school up to the agreed Council secondary school accommodation standard.

The key areas in need of investment are the provision of extended dining and social areas, the development of pupil support accommodation, and provision of fit for purpose PE facilities which will include a new games hall, dance studio, fitness suite, changing rooms, PE store, PE staff base, PE classroom, swimming pool/changing area refurbishment and external changing facilities. The proposal will be designed to facilitate community use of the PE facilities and improve energy efficiency. Through the project, consideration would also be given to further development of accommodation to support vocational curricular requirements both within West Calder High School and also more generally across the senior school campus.

West Calder High School is currently the only secondary school in West Lothian without a games hall and related PE facilities. Dining, social accommodation and pupil support facilities do not meet the agreed Council secondary school accommodation standards. The outcome of this potential investment would meet the statutory requirements in relation to modern secondary curricular and support provision and the recommendations set out in the Sports Facilities strategy. Capital costs are estimated at £9 million, of which two thirds would be grant funded with the remaining third to be funded from the council capital programme. Further work is required to confirm the initial capital funding estimate.

The Council Executive committee is requested to approve that the council submit a funding application and to delegate authority to Moira Niven, Depute Chief Executive, in consultation with the Leader of the Council and the Executive Councillor for Education, to co-ordinate the preparation and submission of the bid by the deadline of 21 July 2012.

## **7. Future General Services Capital Plan**

The first five years of the original ten year capital investment and asset management strategy are nearing completion. As part of the discussions on future corporate and financial planning, consideration will be given to future capital planning. Further reports will be presented to members in due course.

## **8. Corporate Asset Management**

The Corporate Asset Management Plan agreed by the Council Executive in November 2007 includes a number of asset management objectives which outline the council's vision for effective management of assets. To be able to demonstrate best value, management of performance in relation to agreed asset objectives is necessary. Asset lead officers identified a range of indicators for each asset objective, with performance data being held within the Covalent performance management system and reported on an annual basis to elected members.

## **9. Other Factors to be taken into Account**

The Prudential Code requires the council to take account of a number of factors when agreeing capital spending plans. In overall terms I would assess that the capital budget for 2012/13 is affordable. The revenue implications are incorporated within agreed revenue budgets and loan charge projections continue to indicate plans are prudent, affordable and sustainable. All aspects of the programme are geared to securing Best Value however it may be necessary, on occasion, to rephase budgets for operational reasons or to ensure best value.

The capital working group continues to coordinate work on capital planning and asset management. Officers continue to manage risk and uncertainties with ongoing monitoring and control arrangements. This ensures focus is on delivery of the capital programme within approved budgets and timescales.

## **E. CONCLUSION**

This report sets out the detailed capital investment programme for 2012/13. Approval of the revised programme will allow the ongoing implementation of the capital plan to proceed resulting in significant improvements to services provided by the council and to the overall asset infrastructure throughout West Lothian.

## **F. BACKGROUND REFERENCES**

General Services Capital Budget 2010/11 to 2012/13 – report by Head of Finance and Estates to Council Executive 28 June 2011

### Appendices/Attachments:

Appendix 1 – Local Area Committees Consultation Matters Arising June 2012

Appendix 2 – General Services Capital Plan 2012/13

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**25 June 2012**