



COUNCIL EXECUTIVE

2015/16 GENERAL SERVICES CAPITAL BUDGET – MONTH 9 MONITORING REPORT

REPORT BY HEAD OF FINANCE AND ESTATES

A. PURPOSE OF REPORT

To provide the Council Executive with a report on the financial position in relation to the General Services capital programme following the completion of the month 9 monitoring exercise.

B. RECOMMENDATIONS

It is recommended that the Council Executive:

1. Notes the outcome of the month 9 monitoring exercise and the projected outturn;
2. Agrees that asset lead officers and the Head of Finance and Estates continue to take necessary action to deliver the overall programme.

C. SUMMARY OF IMPLICATIONS

I	Council Values	Focusing on customers' needs, being honest, open and accountable, making best use of our resources, working in partnership.
II	Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)	The council's General Services capital programme is managed within the stringent requirements set out in the Prudential Code. Expenditure has been in compliance with the council's Best Value Framework, approved on 10 June 2014, aimed at ensuring compliance with the provisions contained within the Local Government in Scotland Act 2003.
III	Implications for Scheme of Delegations to Officers	None.
IV	Impact on performance and performance Indicators	Effective capital implementation is vital to service performance.
V	Relevance to Single Outcome Agreement	None.
VI	Resources - (Financial, Staffing and Property)	Capital expenditure of £55.005 million is projected in 2015/16, assuming over programming of £4 million.
VII	Consideration at PDSP	Not applicable.
VIII	Other consultations	The capital monitoring exercise has involved consultation with Depute Chief Executives, Heads of Service, asset lead officers and capital project managers.

D. TERMS OF REPORT

1. Background

The report provides an update on the 2015/16 General Services Capital Programme based on the results of a comprehensive monitoring exercise. The approved 2014/15 capital budget is £49.953 million which assumes £4 million of overprogramming.

2. Summary of Month 9 Financial Information

The summarised actual and projected asset expenditure at month 9 is shown in the table below:

Asset Type	2015/16 Approved Budget £'000	Committed Expenditure at Month 6 £'000	2015/16 Projected Outturn £'000	2015/16 Projected Variance £'000
Property	28,934	33,474	36,317	7,383
Roads	12,152	7,519	11,266	(886)
Open Space	7,589	5,378	6,207	(1,382)
ICT	5,278	2,715	5,215	(63)
	53,953	49,086	59,005	5,052
Remaining Overprogramming	(4,000)	N/A	(4,000)	0
TOTAL	49,953	49,086	55,005	5,052

Good progress is being made on the capital programme with the committed expenditure as a percentage of projected outturn at 89%. In overall terms, the monitoring exercise indicates that the projected outturn is £55.005 million, assuming there is slippage of £4 million between now and the year end. This represents accelerated spend of £5.052 million. If the programme progresses with no further slippage, the outturn will be £59.005 million and the additional accelerated spend will be funded by additional accelerated borrowing.

3. Summary of Forecasts and Pressures

Asset lead officers and project managers will work to ensure the programme continues to be delivered as forecast. Below is a summary of the forecast for each asset type, including details of material movements and pressures that have been identified.

4. Property

Projected outturn expenditure in 2015/16 is £36.317 million, with £33.474 million of expenditure incurred to date, representing 92% of the 2015/16 projected outturn.

Schools Planned Improvements

The Schools Planned Improvement programme has highlighted £955,000 of accelerated spend at month 9. Accelerated spend of £252,000 and £550,000 has been forecast for Kirknewton and Knightsridge Primary schools respectively. Good progress has been made in these projects with an estimated completion date of May 2016 for Kirknewton and February 2016 for Knightsridge.

Operational Buildings

Accelerated spend of £1.088 million has been identified for projects in this area. The majority of this can be attributed to the Rosemount Court project which is forecasting accelerated spend of £938,000. Scottish Water have now completed the mains water connection and are waiting for test results to confirm use in the next couple of days. The anticipated completion date for the new build is February 2016.

Accelerated spend of £80,000 is also forecast for Stoneyburn Community Centre and Wee Croft. Good progress has been made in this project with the main works for this year now complete. Additional works for the roof which were programmed for 2016/17 have now commenced.

Statutory Compliance

The statutory Compliance budget has highlighted net accelerated spend of £235,000. This is attributable to accelerating the programme of works for Control of Legionella, Door Access Systems, Boundary Walls & Fences Compliance, Chimney Safety Inspection & Lightning protection, Lath & Plaster Ceilings, Lift Upgrade Programme and the Intruder Alarm Upgrade Programme

Schools General Projects

The schools projects forecast an overall accelerated budget of £178,000. This can mainly be attributed to an acceleration of expenditure for the halls at Peel, Carmondean and Broxburn primary schools. A net accelerated spend of £170,000 has also been identified for West Calder High School. Design fees and site investigations costs will go through this year for the Design, Build, Finance, Manage (DBFM) project.

In month 6 monitoring, £200,000 of slippage was identified for Mid Calder Nursery. The total forecast slippage for this project has now increased to £300,000. Value engineering has been undertaken in an attempt to reduce costs. This exercise means that the likely start date is now in April 2016.

Schools Developer Funded Projects

Developer funded projects at St Anthony's Primary School, St Nicholas' Primary School, and Simpson Primary School have identified accelerated spend totalling £831,000. Accelerated spend of £1.210 million had been forecast at month 6 for the new primary school at South Armadale, this has now increased to £2.210 at month 9 due to the good progress that has been made onsite.

Whitehill Service Centre

The project scope and design is now at the stage of being finalised and the project is out to tender. The demolitions at Whitehill are proceeding to timetable.

Roads and Other Related Assets

Projected outturn expenditure in 2015/16 is £11.266 million, resulting in net slippage of £886,000. In terms of actual spending, £7.519 million of expenditure, representing 67% of the 2015/16 projected outturn, has been incurred at period 9.

Roads and Footways

Commitment to date currently sits at 59% of the forecast outturn, which is less than expected at month 9. The Asset Lead Officer and project managers are taking actions to ensure the forecast outturn is achieved.

Net Slippage of £421,000 has been identified within the Roads and Footways category. In addition to the slippage in projects previously identified in month 6, slippage is now being reported for the following projects; Adopted Footways Backlog and Lifecycle investment – slippage of £209,000 is forecast collectively for these projects at month 9 due to a delay in design work commencing, and School Playgrounds at St Ninians, Longridge, Howden St Andrews and Addiewell St Thomas Primary Schools – slippage of £121,000 is forecast for these projects due to delays encountered in the preparation of tender documents.

Road Lighting

Road Lighting committed expenditure is currently 65% of the forecasted outturn.

Structures and Transportation

Slippage of £342,000 was previously identified in month 6 for the structures and transportation area. Slippage is now being forecast for the following projects in this area;

Retaining walls is forecasting slippage of £167,000 at month 9. A programme of works has now been prepared with walls prioritised in relation to their condition. These works will be programmed for 2016/17. For Limefield Bridge at Polbeth, agreement has been reached based on the consultant's report, not to replace the bridge but to carry out remedial works instead. These works will be carried out during 2016/17.

St Nicholas Primary School, Broxburn – the completion of the access road/drop-off facility will be carried out after the school extension works have been completed. Slippage of £123,000 has been forecast as a result. Drumshoreland Distributor Road – despite heavy rainfall in November and December impacting the progress of works, accelerated spend of £1.019 million has been identified at month 9 due to the excellent progress made up to this point. It is anticipated that the project will complete in February 2016.

Open Space

The monitoring exercise indicates that projected outturn expenditure in 2015/16 is £6.207 million with £5.378 million of expenditure incurred to date, representing 87% of the 2015/16 projected outturn at month 9. A number of projects are progressing more slowly than anticipated, resulting in net slippage of £1.382 million.

Open Space and Sport Facility Projects

There is net slippage of £797,000 forecast for open space and sport facility projects. The majority of this slippage is attributable to the project for the West Lothian Leisure Linlithgow Pavilion, where major earthworks were delayed as a result of inclement weather conditions. Slippage of £640,000 is forecast for this project with an anticipated completion date now in April 2016.

Open Space and Sport Facility Planned Improvements

£144,000 of slippage is being forecast for open space and sport facility planned improvements. The majority of the planned improvement programme is running to schedule, with forecast slippage being attributable to a small number of projects.

As previously reported total savings of £487,000 have been identified for the 3G pitches projects at Linlithgow, Blackburn, Broxburn and Fauldhouse. These savings will be used to contribute to additional costs for pitch rejuvenation works required at St Kentigern's academy. Council Executive agreed on 17 November that a proportion of these savings could be used for upgrading the blaes pitch adjacent to St John the Baptist primary school in Fauldhouse. Updated costings indicate that this will be in the region of £100,000. In addition, £30,000 has been identified from existing reprioritised budgets to enable a project at Albyn Park to proceed, which involves significant external funding.

ICT

Projected outturn expenditure in 2015/16 is £5.215 million. In terms of actual spending to date, £2.715 million of expenditure, representing 52% of the 2015/16 projected outturn, has been incurred at month 9. While all projects are underway, net slippage of £63,000 is forecast due to a number of projects progressing more slowly than anticipated.

5. Risks

Effective management of risks is a key element of effective delivery of a large and varied capital investment programme. There are a number of risks summarised as follows:

Property Assets

Where cost pressures have been identified, these will be managed within the overall programme by the Asset Lead Officer.

Roads and Other Related Assets

There are actions in place to mitigate and reduce the risks and the Asset Lead Officer will proactively monitor the risks throughout the remainder of the year.

Open Space Assets

Risks have been identified within Open Space and Sports Facility Projects, Open Space and Sports Facility Planned Improvements, Synthetic Turf Pitches and Children's Play Areas. Actions are in place to mitigate and reduce the identified risks.

ICT

IT Services continue to monitor progress to ensure that vital business systems are not unnecessarily delayed.

6. Resources

Resources are closely monitored over the financial year to ensure projected spend is matched by available capital resources and that funding represents the best value for money option available. The 2015/16 capital programme is funded from a variety of sources comprising:

Revised Funding Source	£'000
Borrowing	19,584
Capital Grants	18,353
Other Contributions (Developer Contributions & Capital Fund)	12,416
Capital Receipts	4,652
Total Resources	55,005

In overall terms, officers have assessed that the resource projections are achievable, although there are various risks that require ongoing monitoring. If the programme progresses with no further slippage, the accelerated spend will be funded by accelerated borrowing.

7. Other Strategic Issues

The Prudential Code requires the council to take into account a number of factors when agreeing capital spending plans and these are set out below:

Risk Management and Uncertainty

The budget monitoring process focuses attention on risks to the performance of the capital programme.

Affordability, Prudence and Sustainability

In overall terms, I would assess that the capital plan remains affordable, subject to identified risks being managed. Capital receipts have been amended to reflect challenging market conditions but they will be kept under close review.

Stewardship of Assets

The council's strategic approach to capital planning, involves integration with asset management planning. Progress against each area of the Corporate Asset Management Plan is reported annually to elected members.

Value for Money and Best Value

All aspects of the programme are geared towards securing Best Value and are undertaken in accordance with the council's Best Value Framework.

E. CONCLUSION

Following the month 9 monitoring process, the 2015/16 outturn forecast is £55.005 million. Good progress is being made on delivery of the programme and, at the end of month 9, expenditure to date accounts for 89% of the projected forecast spend for the year. A number of key risks in relation to the delivery of the General Services capital programme have also been identified and will continue to be proactively managed.

F. BACKGROUND REFERENCES

General Services Capital Programme 2015/16 to 2017/18 – Report by Head of Finance and Estates to Council 29 January 2015

General Services Capital Programme 2015/16 to 2017/18 – Report by Head of Finance to Council Executive 30 June 2015

Appendices/Attachments: General Services Capital Monitoring Update Month 9
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