

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Council : 25 March 2009

Subject : General Services Capital Plan 2009/10

1. Purpose of Report

- 1.1** The purpose of this report is to provide Members with the General Services Capital Plan for 2009/10 recommended by the Corporate Management Team (CMT).

2. Background

- 2.1** With the introduction of the Prudential Code, the existence of three year Scottish Government settlements, high levels of local slippage in projects (due to lead-in times), etc., it is felt that a longer term plan is a more strategic approach, allowing departments to plan their projects in advance and allow Corporate Finance to plan required borrowing at a time most beneficial to the Council.
- 2.2** A draft of the General Services Capital Plan for 2009/10 was reported to Council on 26 November 2008. These bids have now been reviewed and updated.
- 2.3** Appendices I to IV report on estimated resources, identify committed expenditure, priority uncommitted departmental bids and identify unfunded uncommitted departmental bids for 2009/10.
- 2.4** Expenditure can be identified as committed for a number of reasons:
- (a) Expenditure in relation to external ringfenced funding – e.g. grants.
 - (b) Expenditure due allocated to capital on an annual basis – e.g. administrative and architectural support, central buildings work.
 - (c) Expenditure which has been politically agreed – i.e. Member agreement through Committee/Council decision.
 - (d) Expenditure which has been legally committed – i.e. through the Council's ordering/tendering procedures.

- 2.5** Within the resources noted as available each year, there is an element of capital receipts identified which are only estimates at this stage and not guaranteed. These figures could change and as a result the capital plans may require to be altered. Brought forward receipts have been reduced by £3.000m due to the ongoing issue surrounding St James Retail Park. It is now highly unlikely that this receipt will be achieved; however the Council requires to repay previous temporary borrowing resulting from a shortfall in receipts in 2005/06 related to this ongoing issue.
- 2.6** Included in the capital plan is a decision taken by Council on 12 February 2009 which is the use of £1.000m of capital receipts to repay principle and reduce the level of revenue loan charges in 2009/10 only.
- 2.7** At this stage there is prudential borrowing of £1.000m included within 2009/10 for general capital projects.
- 2.8** As part of a new relationship between the Scottish Government and local authorities, the level of ring-fenced capital grants has been substantially reduced. A number of previously ring-fenced annual grants have now been rolled up into a general capital grant; the Council can choose how to spend this money to best suit local needs. The main grants affected are contaminated land, school fund and strategic waste. The grant also provides for specific projects such as flood prevention, air quality monitoring, public transport and efficiency reform.
- 2.9** Slippage has been included and bids for 2009/10 are currently reported at 2008/09 price base and are not yet inflated. To increase slippage beyond the level assumed at this stage may lead to funding risks in the future.

3. Main Issues

- 3.1** Currently, total funds available for the capital plan are £25.732m (Appendix I). The committed projects (Appendix II) total £20.115m; therefore, the funds available for non-committed capital bids are £5.617m. This is due to the level of resources available in year, the level of committed expenditure and the level of expenditure anticipated to slip from 2008/09 to be funded from 2009/10 resources (£4.276m), increased for the 2009/10 allocation of accelerated capital funding from the Scottish Government (£1.341m).
- 3.2** To arrive at the figures noted in 3.1, the likely resources and spend during 2008/09 has been considered and the 2009/10 draft capital plan adjusts for both income and expenditure likely to slip from 2008/09 into 2009/10.
- 3.3** From the £5.617m available resources noted in 3.1 departments were each allocated a capital budget.
- 3.4** The CMT has carefully considered all non-committed capital bids from each department and has agreed to recommend for approval bids totalling £5.617m as detailed in Appendix III.

- 3.5** Remaining uncommitted capital bids are detailed in Appendix IV and amount to £26.188m.
- 3.6** The recommended bids secure some funding for the Council's fire upgrade and other health and safety legislative commitments for 2009/10. However, it doesn't at this time meet all commitments. The shortfall will be addressed in the update report to Council in August 2009.
- 3.7** Elsewhere on the agenda, a recommendation has been brought forward to transfer the ringfenced cultural capital receipt (from the sale of the Thomas Hill painting) from purchase of art works to upgrade the Clydebank Town Hall. For the purposes of this report, the Council decision has not been assumed.
- 3.8** The Council previously agreed prudential borrowing of £0.635m on 27 February 2008 for work to be carried out in Dalmuir Park. This work has not been started as match funding has not been secured.

4. Personnel Implications

- 4.1** There are no personnel implications.

5. Financial implications

- 5.1** Based upon the recommendations, there are no additional financial implications at present.

6 Risk Analysis

- 6.1** The main risks are as follows:

- (a) As a consequence of current market conditions, capital receipts may either not be received or they may be less than anticipated.
- (b) If departments overspend on any capital budget this will have a detrimental effect on the capital programme in current and future years.
- (c) If the current trend of inflation continues bids for 2009/10 may have to be reviewed upwards.
- (d) Due to the shortage of funds and the need to prioritise the funds available on issues such as health and safety or legal obligations, further health and safety obligations and obligations within the corporate plan or the single outcome agreement may not be fully met due to the lack of funding allocated to these priorities.

7. Conclusions

- 7.1** After accounting for committed bids, £5.617m non committed bids can be funded, resulting in a total programme for 2009/10 of £25.732m with £26.188m of non committed bids remaining unfunded.

8. Recommendations

8.1 It is recommended that Members agree to:

- (a) Note the committed bids as shown in Appendix I.**
- (b) Note that the funds available for uncommitted capital bids in 2009/10 are £5.617m.**
- (c) Agree the projects recommended for approval totalling £5.617m as detailed in Appendix III.**
- (d) Approve the capital plan for 2009/10 as detailed in Appendix I, including the prudential borrowing requirement (as agreed at Council 12 February 2009) and recommended projects as outlined above.**
- (e) Note that the draft capital plans for 2010/11 and 2011/12 will be presented to Council in August 2009.**
- (f) Consider whether to vire the previously agreed prudential borrowing relating to Dalmuir Park to projects which may have a higher priority.**
- (g) Note that the recommended budget does not meet all health and safety legislative commitments. This and other matters will be addressed in an update report to Council in August 2009.**

Joyce White
Executive Director of Corporate Services
Date: 12 March 2009

Wards Affected: **All wards affected.**

Appendices: I **Available Resources**
 II **Committed Bids 2009/10**
 III **Recommended Uncommitted Bids 2009/10**
 II **Remaining Uncommitted Bids 2009/10**

Background Papers: **Departmental Bids**
 General Services Capital Plan 2009/10 and 2010/11
 - Council 26 November 2008

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