

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Council: 28 November 2008

Subject : General Services Capital Plan 2009/10 and 2010/11

1. Purpose of Report

- 1.1 The purpose of this report is to provide Members with information on capital resources and bids for 2009/10 and 2010/11.

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 Departments were originally asked to submit capital bids for committed and non-committed projects for 2009/10 and 2010/11 during the 2008/09 estimates process. These bids have now been reviewed and updated by departments.
- 2.4 Appendix I reports estimated resources, identifies committed expenditure and current uncommitted departmental bids for 2009/10.
- 2.6 Appendix II reports estimated resources, identifies committed expenditure and current uncommitted departmental bids for 2010/11.
- 2.7 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.

- 2.8** 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** At this stage there is no additional prudential borrowing included within 2009/10 or 2010/11. It is assumed that any future prudential borrowing will be for specific projects outwith core bids.
- 2.10** Slippage has been included at 10% of the available resources for 2009/10 and 2010/11. Bids for 2009/10 and 2010/11 are currently reported at 2008/09 price base and are not yet inflated. To increase slippage at this stage may lead to funding risks in the future.

3. Main Issues

- 3.1** 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.

2009/10

- 3.2** Currently, total funds available for the capital plan are £12.888m (Appendix I). The committed projects total £10.168m, leaving £2.720m available for allocation.
- 3.3** Bids for non-committed capital projects by department amount to £34.994m. Of this, £4.591m is in respect of projects previously supported by ring-fenced grants and £0.375m is in respect of new initiatives identified during the revenue budget proposals approved by Council on 14 February 2008.
- 3.4** Receipts are shown as a negative 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.
- 3.5** As a result of the capital receipts position generally it is recommended that no uncommitted bids should be considered at this time to allow officers further time to review the position.

2010/11

- 3.6** Currently, total funds available for the capital plan are £18.847m (Appendix II). The committed projects total £9.172m, leaving £9.675m available for allocation.
- 3.7** Bids for non-committed projects submitted by departments total £24.734m. Of this, £5.556m is in respect to projects previously supported by ring-fenced

grants and £0.275m is in respect of new initiatives identified during the revenue budget proposals approved by Council on 14 February 2008.

- 3.8** The figures noted in 3.7 do not take account of unsuccessful bids in 2009/10 - these are also available for consideration in the 2010/11 programme. However, based upon the general uncertainty surrounding capital receipts as noted in 3.1, it is recommended that no uncommitted bids should be considered at this stage for commencement in 2010/11.

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 and 2010/11 may have to be reviewed upwards.

7. Conclusions

- 7.1** In both 2009/10 and 2010/11, the resources available for funding non-committed capital projects are inadequate to meet the requests of all departments.

2009/10

- 7.2** Resources available amount to £12.888m and with expenditure commitments totalling £10.168m, there is £2.720m uncommitted resources available anticipated at present.

2010/11

- 7.3** Resources available amount to £18.847m and with expenditure commitments totalling £9.172m, there is £9.675m of resources available for allocation to non-committed projects from 2010/11, with additional bids from 2009/10 also available to be considered.

8. Recommendations

8.1 It is recommended that Members:

2009/10

(a) Note that, at present, the funds available for uncommitted capital bids total £2.720m.

(b) Agree that, at present, no uncommitted bids will be considered.

2010/11

(c) Note the position as stated within the report

(d) Agree that, at present, no uncommitted bids will be considered.

**Joyce White
Executive Director of Corporate Services
Date: 19 November 2008**

Wards Affected: All wards affected.

Appendices: I Detail for Capital programme 2009/10
II Detail for Capital programme 20010/11

Background Papers: Departmental Bids
General Services Capital Plan 2008/09 and 2009/10
- Council 29 August 2007

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