

EAST AYRSHIRE COUNCIL

CABINET - 22 APRIL 2009

ACCELERATED CAPITAL GRANT

Report by Executive Head of Finance & Asset Management

1 PURPOSE

- 1.1 To provide Members with proposals in relation to using Accelerated General Capital Grant in 2009/10.

2 BACKGROUND

- 2.1 On 11 February 2009 the Scottish Ministers announced, through Finance Circular 2/2009, that £100m of capital expenditure from 2010/11 would be brought forward to financial year 2008/09 and 2009/10 in order to support economic recovery. This announcement was followed up by a specific offer in relation to the accelerated investment on 20 February 2009, which included more detail on the specific conditions of grant.
- 2.2 East Ayrshire Council's share of the accelerated capital grant was allocated as £0.224m in 2008/09 and £2.020m in 2009/10, funded from the 2010/11 allocation. By releasing grant from future years this funding will no longer be available in 2010/11. It therefore follows that the Council would be disadvantaged if it did not take up the offer of accelerated grant.
- 2.3 In making the allocation the Ministers have indicated that, as a key condition of the acceleration, they wish to have an indication of which projects are to be accelerated in order to demonstrate that the accelerated capital investment has been utilised appropriately.

3 DETAILS OF ACCELERATED PROJECTS

- 3.1 In respect of financial year 2008-09, the Scottish Government had indicated that there is no requirement to provide any detail regarding acceleration, as the current financial year was almost at a close. Information was therefore sought on schemes brought forward from future years into financial year 2009/10.
- 3.2 It is important to recognise that acceleration presents a number of challenges in terms of establishing a programme that can be achieved within the timescales required. Proposals have therefore been considered in consultation with Executive Directors and Heads of Service to ensure that the accelerated programme can be delivered within the revised timescales.
- 3.3 It should be noted that the total value of proposed schemes to be accelerated in 2009/10 is higher than the additional capital grant allocation (£2.244m) in order to reflect an element of contingency for possible slippage during the year.
- 3.4 The proposed schemes for utilising the accelerated capital grant are therefore as follows:

Project	Financial Profile				Timeline			
	Original		Proposed		Original		Proposed	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Roads & Transportation	£3.500m	£3.700m	£3.750m	£3.446m	Apr 10	Mar 11	Apr 09	Mar 10
Kilmarnock Town Centre	-	£3.000m	£1.100m	£1.900m	Apr 10	Mar 11	Apr 09	Mar 10
Other Town Centres	-	£2.500m	£0.500m	£2.000m	Apr 10	Mar 11	Apr 09	Mar 10
HQ Roof & DDA Works	£0.300m	£0.348m	£0.600m	£0.048m	Apr 10	Mar 11	Apr 09	Mar 10
New Sports Pavilions	£0.600m	£0.600m	£1.200m	-	Apr 10	Mar 11	Apr 09	Mar 10
Cemetery Extensions	£0.150m	£0.200m	£0.400m	-	Annual to 2015/16	Annual to 2015/16	Apr 09	Mar 10
Play park Investment	£0.155m	£0.160m	£0.455m	-	Annual to 2015/16	Annual to 2015/16	Apr 09	Mar 10

Total Acceleration 2009/10 £3.300m

Roads and Transportation

3.5 The Capital Investment Programme 2009/10 to 2018/19 includes an overall funding allocation for Roads and Transportation of £44.000m. Prioritised programmes of carriageway and footway structural maintenance schemes have been developed based on condition, importance and local input; with a programme of works for 2009/10 agreed by Cabinet on 4 March 2009.

3.6 It is therefore proposed to bring forward road improvement schemes on a prioritised basis to the value of £0.250m into 2009/10.

Kilmarnock Town Centre Regeneration

3.7 A number of individual projects are currently being considered in relation to the approved capital funding allocation of £21.000m for Kilmarnock Town Centre regeneration. It is anticipated that it would be possible for expenditure of at least £1.100m to be incurred during financial year 2009/10 in support of the Council's vision in this regard.

Other Town Centre Regeneration

3.8 The Capital Investment Programme 2009/10 to 2018/19 includes an allocation of £5.000m in relation to the regeneration of town centres generally.

3.9 Proposals in relation to a number of different communities are currently being considered. It is therefore anticipated that some strategic property acquisitions and associated remediation works to the value of £0.500m can be brought forward and completed in 2009/10. This would include, for example, the acquisition of the derelict former Bingo Hall in Glaisnock Street Cumnock.

Headquarters Roof and DDA Works

3.10 Maintenance works are currently in progress to replace the roof area above the accommodation at London Road Headquarters designated for the new Council Chambers. It is anticipated that the phases of the project in relation to fire compartmentalisation and DDA adjustments to surrounding doors and external areas with a value of approximately £0.300m can be brought forward and completed in 2009/10.

New Sports Pavilions

- 3.11** The Capital Investment Programme includes an allocation of £1.200m for the provision of replacement sports pavilions; currently allocated £0.600m in 2009/10 and £0.600m in 2010/11.
- 3.12** There is a possibility of creating a standardised design for sports pavilions which may enable these projects to be completed earlier than currently planned. Consultations are currently on-going to identify the sites which would benefit most from a replacement / refurbished pavilion.

Cemetery Extensions

- 3.13** The Capital Investment Programme includes an allocation of £0.400m in respect of cemetery improvements, including land acquisitions and preparation works.
- 3.14** It is therefore proposed that the full funding allocation for cemetery improvements is brought forward into financial year 2009/10. Details of the proposed land acquisitions and anticipated works to be funded from the revised capital allocation will be subject to a separate report to Cabinet on 22 April 2009 by Neighbourhood Services.

Play park Investment

- 3.15** The current contract for replacing and renewing play park equipment is due to be renewed in the autumn 2009. It is therefore anticipated that the programme of works can be increased by £0.300m in 2009/10.
- 3.16** Details of the anticipated works to be funded from the revised capital allocation will be subject to a separate report to Cabinet on 22 April 2009 by Neighbourhood Services.

4 DEMONSTRATING CAPITAL ACCELERATION

- 4.1** Scottish Ministers have accepted that measuring the impact of accelerating funds on the overall capital programme is not straightforward. To be able to establish that the programme has been accelerated it is therefore necessary to not only demonstrate an increase in capital expenditure, but also to specify in what way individual projects have been accelerated.
- 4.2** The Council's approach to the ten year Capital Investment Strategy has been to recognise the impact that accelerating projects could bring to the local economy and there is a general authority to try to deliver all projects as early as possible. School component renewal projects already in the pipeline, for example, will be done as quickly as possible taking account of tendering and timing issues.

5 FINANCIAL IMPLICATIONS

- 5.1** The Accelerated Capital Grant in 2008/09 and 2009/10 will be funded from the General Capital Grant allocation from 2010/11, and will therefore have no financial impact on the borrowing requirement for the General Services Capital Programme 2009/10 to 2018/19 agreed by Cabinet on 11 February 2009.
- 5.2** It will be necessary to adjust the Capital Investment Programme 2009/10 to 2018/19 to reflect the reprofiling of those projects which can be accelerated.

6 POLICY / LEGAL IMPLICATIONS

- 6.1** There are no legal implications arising from this report.

7 RISK MANAGEMENT IMPLICATIONS

- 7.1** Any delay in the delivery of the Accelerated Capital Programme in 2009/10 could potentially expose the Council to the risk that it may have to repay any unused capital grant allocations that have been brought forward from 2010/11.

8 RECOMMENDATIONS

- 8.1** It is recommended that Members:-
- (i) Approve the proposals for the utilisation of Accelerated Capital Grant allocations;
 - (ii) Otherwise note the contents of this report.

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East Ayrshire Council

15 April 2009