

# EAST AYRSHIRE COUNCIL

## EMERGENCY POWERS COMMITTEE – 21 DECEMBER 2006

### ADDITIONAL CAPITAL EXPENDITURE

#### Report by Executive Head of Finance

## 1 PURPOSE OF REPORT

- 1.1 To seek approval for additional expenditure on capital projects to allow them to proceed.

## 2 BACKGROUND

- 2.1 The Policy and Resources Committee of 14 November 2006 approved a Capital Programme for 2007/08 and an indicative programme for 2008/09 and 2009/10. Since then tender prices have been received for two projects which are in excess of the original budgets. Work has been done to minimise costs in respect of these but these can only proceed if the remaining gap is closed by the allocation of additional funding.
- 2.2 In addition a joint project with NHS Ayrshire and Arran can only proceed if parking issues can be resolved which will involve additional expenditure.

## 3 PROPOSALS

### 3.1 Galston Primary School

- 3.1.1 The total capital allocation for Galston Primary School is currently £8.180m spread over 2006/07 to 2008/09. The occupation date is anticipated to be the new term commencing August 2008.
- 3.1.2 Following receipt of tenders, the actual cost is now estimated at £9.300m. The increase is due in part to the inclusion of green energy and sustainability schemes within the school, and the inclusion of Furniture and Equipment and site security costs which were excluded from the original costing.
- 3.1.3 The Grant Settlement for 2007/08 announced by the Minister for Finance and Public Service Reform indicated that additional capital resources of £61m would be made available to Councils in 2007/08 specifically for spend to save investment including renewable energy and the Council's share is likely to be in excess of £1m. It is proposed that the additional costs of Galston Primary School which relate to these measures amounting to approximately £0.400m are funded from this grant in 2007/08 with the remaining funding gap of £0.720m being allocated as additional capital expenditure in 2008/09.

**3.1.4** It should be noted however that there remains a degree of uncertainty over the ground conditions on the site and whilst an allowance has been made for this based on the best available current information, the full extent and cost of any additional works can only be finally ascertained once building work starts.

### **3.2 CCTV/Risk Management Centre**

**3.2.1** The total capital allocation for the CCTV/Risk Management Centre at London Road Headquarters is currently £1.947m spread over 2006/07 and 2007/08. The occupation date is anticipated to be towards the end of 2007.

**3.2.2** Following receipt of tenders, the actual cost is now estimated at £2.442m. The increase is due in part to the inclusion of fitting out the first floor office accommodation which was not included in the original estimate and partly from inflationary pressures.

**3.2.3** It is proposed that the additional sum of £0.495m is allocated as additional capital expenditure in 2007/08.

### **3.3 Crosshouse Library and Local Office**

**3.3.1** This is a joint project with NHS Ayrshire and Arran and the determination of the footprint of the new facility and the Transportation and Parking Assessment have confirmed that there will be a planning requirement with regard to the provision of appropriate parking facilities which could be accommodated using the site of the former Crosshouse Community Centre at Gatehead Road, Crosshouse, incorporating a vehicular access to Crosshouse School Head Teacher's former garden for the provision of staff car parking subject to obtaining all statutory consents.

**3.3.2** It is proposed that this be funded from the Contingency sum available for 2006/07 of £0.091m, from the Schools Fund in 2006/07 of £0.050m and from additional capital expenditure in 2007/08 of £0.009m.

**3.3.3** Remaining revenue implications flowing from the Project in its entirety will be reported to Members in due course.

## **4. FINANCIAL IMPLICATIONS**

**4.1** The funding proposals can be summarised as follows;

<b>PROJECT SOURCE OF FUNDS</b>	<b>Galston Primary £m</b>	<b>CCTV/RM Centre £m</b>	<b>Crosshouse Library/LO £m</b>	<b>Total £m</b>
Existing Capital Plan 06/07			0.091	0.091
Schools Fund 06/07			0.050	0.050
Capital Grant 07/08	0.400			0.400
Additional Capital Expenditure 07/08 & 08/09	0.720	0.495	0.009	1.224
<b>Total</b>	<b>1.120</b>	<b>0.495</b>	<b>0.150</b>	<b>1.765</b>

- 4.2 The revenue implications of additional capital expenditure amount to approximately £0.070m per £1m of expenditure commencing in the year following the spend. On this basis the additional revenue implications for debt charges from 2007/08 to 2009/10 would be as follows;

<b>Year</b>	<b>2008/09</b>	<b>2009/10</b>
<b>£m</b>	0.035	0.085

## **5. RECOMMENDATION**

- 5.1 It is recommended that Members approve capital expenditure of £1.765m in respect of the projects highlighted above funded as indicated and authorise appropriate offices to implement the proposals within the report.

Alex McPhee  
**Executive Head of Finance**

AMcP/JP  
15 December 2006

## **LIST OF BACKGROUND PAPERS NIL**

Members wishing further information should contact Alex McPhee, Executive Head of Finance, Telephone (01563) 576300.