

EAST AYRSHIRE COUNCIL

SPECIAL POLICY AND RESOURCES COMMITTEE – 23 JANUARY 2001

GENERAL SERVICES CAPITAL PROGRAMME 2001/02- 2003/04

Report by Director of Finance

1 PURPOSE OF REPORT

- 1.1 To advise Members of the proposed capital allocations to each Service Committee in relation to the financial years 2001/02, 2002/03 and 2003/04.

2 BACKGROUND INFORMATION

- 2.1 The Capital Programme is funded from a number of sources including formal borrowing consent from the Scottish Office, receipts that the Council raises from the disposal of assets, and specific grants. The Scottish Executive has announced capital consent for the next three years, with an increase of 20% over the current year allocation. The total anticipated funding available within each of the following three financial years is shown in the table below.

Source of Funding	2001/02	2002/03	2003/04
Borrowing Consent – Composite Programme	6,301	6,360	7,053
Public Transport Fund – Specific Grant	510	250	-
Estimated Capital Receipts – Property & Vehicle Disposal	780	770	520
Prior Year Anticipation/Overspend B/Fwd	(263)	(630)	(636)
Current Year Anticipation (Max 10% of Consent)	630	636	705
TOTAL FUNDING AVAILABLE	7,958	7,386	7,642

- 2.2 The figure for Capital Receipts is a realistic target at this stage of £2m over the three years for property and land sales and £0.070m for vehicle disposals. The level and timing of receipts are however dependent upon marketing opportunities and the programme would be revisited in the light of any enhancement or reduction in these over the period.
- 2.3 The amount of borrowing consent specified for the composite programme can now be increased by a maximum of 10% thus restoring the position to pre-reorganisation levels. Any such utilisation of this “anticipation” facility requires to be deducted from the capital allocation for the following year. In recent years this flexibility was restricted to 5%.

3 DEPARTMENTAL CAPITAL ALLOCATIONS ISSUES

The fact that there is a significant increase in funding available means that the three-year programme agreed by this Committee on 25 January 2000 can be revisited. There are also a number of issues which Members may wish to take into account in determining revised departmental allocations.

3.1 Community Services

It is proposed that additional resources be allocated to Community Services in recognition of the requirement to invest in the provision for leisure services possibly including the Galleon Centre.

3.2 Development Services

The reduction in work being instructed by the Scottish Executive on the A77 in advance of the M77 together with pressure on the winter maintenance budget can be counterbalanced by an increase in Roads capital funding. An allocation of an extra £0.750m to Roads would also assist in managing the position should the current consortium contract for the A76 be lost in the course of the coming financial year.

3.3 Education

Work on the new Galston Primary School is now likely to commence towards the end of 2001 resulting in the bulk of expenditure being incurred in 2002/03 and 2003/04. This slippage allows funds to be used elsewhere in 2001/02 but requires to be reallocated back to Education in the following two years.

3.4 Corporate Services IT

The Housing and Council Tax Benefits IT system was recommended for replacement in due course. The Head of IT has advised that there is concern over the continuation of adequate support for this externally maintained existing system. There are a number of changes in legislation each year and failure to be able to have the system kept fully up-to-date would be a serious issue. It is proposed to bring forward the planned implementation of the benefits module of the Sanderson system into 2001/02 therefore.

3.5 Capitalised Repairs

A proportion of repairs carried out on Council buildings and roads each year can legitimately be classified either as capital or revenue items. It is proposed to take advantage of the increase in capital funding by charging £1.5m of repairs to capital, which have previously been included as revenue expenditure.

4 PROPOSED ALLOCATION

4.1 The following table compares the proposed departmental allocations with the programme approved last year taking all of the above into account.

Programme	2001/02			2002/03			2003/04
	Original £m	Proposed Change £m	Revised £m	Original £m	Proposed Change £m	Revised £m	Proposed £m
Community Services	350	350	700	800	-400	400	600
Development Services	1,400	750	2,150	1,600	-200	1,400	1,500
Education	2,850	-1,150	1,700	1,800	1,000	2,800	3,000
Social Work	350	0	350	500	-150	350	400
General Housing	300	0	300	400	-100	300	300
Corporate Services IT	450	98	548	550	0	550	550
Council Issues	200	200	400	50	0	50	50
Office Accommodation	100	0	100	300	-200	100	100
Public Transport Fund	0	510	510	0	250	250	0
Capitalised Repairs	0	1,500	1,500	0	1,500	1,500	1,500
Total Expenditure	6,000	2,258	8,258	6,000	1,700	7,700	8,000
Over Commitment	0	300	300	0	314	314	358

4.2 In common with the practice of previous years it is proposed to over-commit the capital programme by 5%. Experience shows that slippage occurs each year and over-commitment now avoids the need to identify quick-spend items at the year-end which may not reflect Council priorities. It is important that all departments recognise that this is the case and do not commit additional schemes to take up slippage during the year without prior Policy and Resources Committee approval.

4.3 Each Director involved should now be required to submit for consideration a detailed Capital Programme to the relevant Service Committee proposing how these allocations could be utilised.

4.4 Expenditure will be monitored against individual projects with significant underspends being remitted back to this Committee for consideration in the light of overall Council priorities. A department underspending on one project will not therefore be in a position to subsidise another without reference to this Committee.

5 FINANCIAL IMPLICATIONS

5.1 The proposed Capital Programme will be contained within the overall funding levels available.

6 LEGAL/POLICY IMPLICATIONS

Nil.

7 RECOMMENDATIONS

It is recommended that Members:

- 7.1** agree the capital allocations to Services outlined in Section 4;
- 7.2** instruct Directors to submit detailed proposed programmes for the utilisation of capital allocations to their committees for their consideration;
- 7.3** confirm that any slippage which occurs in these programmes is not automatically available to the department but must be remitted back to this committee for consideration; and
- 7.4** otherwise note the contents of this report.

Alex McPhee
Director of Finance

RB/DMW
18 January 2001

LIST OF BACKGROUND PAPERS NIL

AGENDA