
CORPORATE CAPITAL PROGRAMME 2004/05

1. Purpose of report

To complete application of the capital investment strategy to 2004/05.

2. Background

2.1 Budget Development SubCommittee meeting on 8 January 2004 AGREED

- to allow Police and Fire Services to take advantage of the new prudential Regime to increase their capital expenditure so long as they can prove it to be affordable, sustainable and containable within their allocated budgets
- to restrict the level of capital expenditure to the Scottish Executive notional borrowing consents plus any additional borrowing that the Council determines is affordable, sustainable and prudent and that may be required to support key elements of the corporate plan and which had already been subjected to detailed option appraisal
- to allocate the basic level on the basis of maintenance 70%, development 20%, corporate infrastructure 5% and community 5% and that the Area Committee biddable fund remains
- to recognise the need for feasibility studies and option appraisals by allocating 2.5% for this purpose within the development block where it would remain
- to allocate the community block to Area Committees in accordance with previous practice i.e. block allocations totalling £200k, to invite bids from Area Committees for the balance and to encourage them to develop their own priorities for local capital projects
- to receive a further report which develops consideration of the application of the strategy for 2004/05

2.2 Budget Development SubCommittee meeting on 29 January 2004 AGREED

- to note recommendations as a guide for the development of a capital investment strategy 2004-07 following the budget setting by the council on 12 February 2004

2.3 Full Council meeting on 12 February 2004 AGREED

- to make use of the special projects enhancement provision of the 3-year capital investment strategy to complete the funding package for the Dumfries Leisure Complex
- to remit to the Budget development SubCommittee to give further consideration to the Council's Capital investment strategy for 2004-07 and to report.

2.4 The planning model which summarises the 3-year capital investment strategy forms **Appendix 1**.

3. Development Block

3.1 The total allocated to the development block in accordance with the 3-year investment strategy is £1,912k. The anticipation allowance of £478k and anticipated capital receipts of £600k are added to make a total available of £2,990k.

3.2 Prior commitments in this block including covenant repayments amounting to £1,806k and these are the first call upon available funding. This includes an addition of £246k to the social inclusion project at Georgetown Primary School as requested by Education & Community Services Committee meeting on 24 February 2004. It is perhaps worthwhile restating the principle that approval to a project is a commitment to the project, its whole-life costs and cashflows, and resolution of unavoidable difficulties in implementation. A prior commitment to £2,200k for site acquisition in support of Schools PPP has been treated as a new bid and is considered at para 4.3 below. Under the 3-year investment strategy there is a commitment to provide a fund for feasibility studies & option appraisals of 2.5% of the basic funding which amounts to £239k. When total commitments are satisfied there is a total of £945k available for new projects

3.3 Bids for development block funding amounting to £5,130k are listed in **Appendix 2**. No attempt has been made to carry forward the full list of failed bids from 2003/04 since it was anticipated that any new starts in 2004/05 (as in 2003/04) were extremely unlikely and that *Corporate Realism* needs to be applied to establish what is deliverable. Nevertheless Services were asked to make known any situations of extreme hardship and CMT has added to this a list of what are considered corporate priorities. The Sub Committee has already decided to allow P&E Committee to proceed with Portpatrick Flood Prevention and this requires virement of £225k from their maintenance allocation. Development bids lodged generally lack robust business cases and option appraisals which the Sub Committee has acknowledged are necessary given the limited funding available, the focus on deliverability and the need for a clear audit trail to support bid selection. For this reason bids have not been scored and **it is recommended that no new projects be started pending thorough bid preparation.**

3.4 The total provision for feasibility studies and option appraisals is £239k and generic bids are listed in **Appendix 2**. These are not detailed and **it is recommended that awards are made based upon submission of business cases to this Sub Committee so that Corporate Plan linkage and future deliverability can be taken into account.**

3.5 The Capital Working Group will produce guidance on what is required to be included in business cases and will work with bidders to ensure completeness prior to corporate scoring. The focus of effort will be to assess 2004/05 bids listed in *Appendix 2* and the results will be presented to Budget Development SubCommittee for early decision.

4. Maintenance Block

4.1 The total allocated to the maintenance block in accordance with the 3-year investment strategy is £6,692k.

4.2 The allocation is reduced by the need for virement to support specific development projects. Policy Committee meeting on 6 January 2004 agreed to allow P&E Committee to vire £225k from 2004/05 capital to fund Portpatrick Flood Prevention.

4.3 Any consideration of capital investment during 2004/05 should take into account the potential impact of the Schools PPP project. At this stage project progress depends upon resolving basic issues of scope and affordability. It seems unlikely that the development block prior commitment of £2,200k for site acquisition will be expended during 2004/05 or that service payments to a successful bidder will be made. Site acquisition has been treated as a potential virement from maintenance. School Building Fund grant of £2,268k in 2004/05 will be available to support maintenance works if required.

4.4 Table 1 shows the **recommended distribution of the maintenance block** taking into account virement:

	Total	Asset Management Committee	Education & Community Service Committee	Planning & Environment Committee
Gross allocation	£6,692k	5% £335k	53% £3,547k	42% £2,810k
Deductions:				
Portpatrick Flood Prevention	-£225			-£225k
Schools PPP site acquisition	-£2,200		-£2,200	
Net allocation	£4,267k	£335k	£1,347k	£2,585k

Table 1

4.5 It is recommended that site acquisition to support Schools PPP is the first call upon the maintenance allocation to Education & Community Services Committee.

4.6 Prior commitments in this block are the responsibility of the service committee to be accommodated within their overall allocation.

4.7 The maintenance block has previously been allocated to committees which reflected individual services. It is a feature of the new structure that the responsibilities of service committees extend across several services each of which has its own needs. **It is recommended that the maintenance needs of each service continue to be separately identified** and that future allocation is to services rather than directorates. The production of a corporate Asset Management Plan will greatly assist this refinement.

5. Corporate Infrastructure Block

5.1 The total allocated to the corporate infrastructure block in accordance with the 3-year investment strategy is £478k.

5.2 There are no prior commitments in this block in 2004/05 but there is in 2005/06 and this will be the first call upon available funding at that time.

5.3 Bids amounting to £1,000k are listed in **Appendix 3** and it will be apparent that at this stage they have not been scored. They were invited on the basis that failed bids from 2003/04 would not be carried forward into 2004/05 and that Services should review their needs from first principles.

5.4 The corporate infrastructure block is mainly concerned with ICT investment. It is therefore recommended that bids are referred to the ICT Board and that they are tasked with establishing the most effective programme of capital investment in the corporate infrastructure.

6. Consultation

The content of this report has been considered by the Corporate Management Team. In particular the Corporate Director for Education and Community Services has commented that he is not opposed to the idea of viring the maintenance allocation to Education and Community Services to fund, if appropriate, land acquisitions for Schools PPP.

7. Recommendations

7.1 WITHHOLD approval for any new development projects in 2004/05 pending thorough bid preparation.

7.2 INVITE business cases to be presented for funding to undertake option appraisals in support of future bids for development block funding.

7.3 Agree that site acquisition to support Schools PPP is the first call upon the maintenance allocation to Education & Community Services Committee. As a consequence ALLOCATE £6,692k to maintenance block distributed as follows:

	Total	Asset Management Committee	Education & Community Service Committee	Planning & Environment Committee
Gross allocation	£6,692k	£335k	£3,547k	£2,810k
Deductions:				
Portpatrick Flood Prevention	-£225			£225k
Schools PPP site acquisition	-£2,200		-£2,200	
Net allocation	£4,267k	£335k	£1,347k	£2,585k

7.4 AGREE to develop consideration of the maintenance needs of individual services for use in 2005/06 recognising the links to service planning and Asset Management Planning.

7.5 REFER bids for corporate infrastructure to the ICT Board with the remit to establish and implement the most effective 3-year investment programme initially limited to £478k each year and taking into account prior commitments.

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APPENDIX 1: Planning Model 2004-08

APPENDIX 2: Development Block

APPENDIX 3: Corporate Infrastructure

Background Papers

Budget Development Sub Committee
8 January 2004: Capital Investment Strategy 2004-07
29 January 2004: Capital Investment Strategy 2004-07

Corporate Policy Committee
6 January 2004: Proposed funding for Portpatrick Flood Prevention Scheme

Full Council
12 February 2004: Capital investment strategy 2004 - 07

Planning Model 2004-08

Agreed funding limits £k		2003/04	2004/05	2005/06	2006/07	2007/08
Single formula funding allocation		11,547	9,560	9,560		
Prudential Regime						
	Basic		9,560	9,560	9,560	9,560
	Special project		3,482	4,144	2,020	164
	Total	11,547	13,042	13,704	11,580	9,724



3 Year Investment strategy		2003/04	2004/05	2005/06	2006/07	2007/08
Development: basic	20%	2,310	20% 1,912	1,912	1,912	1,912
Maintenance	70%	8,083	70% 6,692	6,692	6,692	6,692
Corporate infrastructure	5%	577	5% 478	478	478	478
Community	5%	577	5% 478	478	478	478
Development: special project (Appendix 2)			3,482	4,144	2,020	164

Development: basic		2003/04	2004/05	2005/06	2006/07	2007/08
Basic allocation		2,310	1,912	1,912	1,912	1,912
Anticipation		(464)	478	478	478	478
Anticipated receipts		600	600	600	600	600
Covenant repayments		(613)	(990)	(138)	(138)	(138)
PTF repayment		(1,300)	0	0	0	0
Previous Years Outturn		396	0	0	0	0
Feasibility studies		0	(239)	(239)	(239)	(239)
Prior commitments (Appendix 2)		(2,457)	(816)	(520)	(20)	(20)
Available for new projects/(overcommitment)		(1,528)	945	2,093	2,593	2,593
Projects sponsored by Service Committees		0	(2,425)	0	0	0
Vired from other blocks		1,678	2,425	0	0	0

Maintenance		2003/04	2004/05	2005/06	2006/07	2007/08
Basic allocation		8,083	6,692	6,692	6,692	6,692
Vired to development		(1,528)	(2,425)	0	0	0
Available for new projects		6,555	4,267	6,692	6,692	6,692

Corporate infrastructure		2003/04	2004/05	2005/06	2006/07	2007/08
Basic allocation		577	478	478	478	478
Prior commitments (Appendix 3)		(465)	0	(200)	0	0
Available for new projects		112	478	278	478	478

Community		2003/04	2004/05	2005/06	2006/07	2007/08
Basic allocation		577	478	478	478	478
Allocations to Area Committees		(200)	(200)	(200)	(200)	(200)
Biddable fund		377	278	278	278	278

APPENDIX 2

Development Block 2004/05 £k	Committee Score	Total Cost	Other Funding	Council Costs Profile					Notes	
				Total previous Yrs	2003/04	2004/05	2005/06	2006/07		2007/08
Forward commitments										
Stranraer Academy: Phase 1	E&CS	10,560	0	10,560	10,290	270	0	0	0	0
Special needs - adaptations and repairs in private sector housing	E&CS	2,725	0	2,725	1,975	750	0	0	0	0
Wigtown Restoration Project	E&CS	1,816	750	1,066	927	139	0	0	0	0
Merrick Pool	E&CS	1,637	500	1,137	900	237	0	0	0	0
Implementation of Countryside Access Strategy	P&E	100	50	50	50	0	0	0	0	0
Dumfries Traffic Strategy (Southern Sector)	P&E	2,520	1,845	675	184	491	0	0	0	0
North West Dumfries Communities in Partnership	E&CS	544	544	0	0	0	0	0	0	0
Social inclusion & Children's Service Centres	E&CS	5,912	3,816	2,096	300	500	796	500	0	0
Schools PPP - Development Costs	PPP	180	0	180	130	50	0	0	0	0
Contingency allowance for all projects	All	80	0	80		20	20	20	20	2
Totals		26,074	7,505	18,569	14,756	2,457	816	520	20	20
Further pressures:										
Schools PPP - site acquisitions	PPP	2,300	0	2,300	10	90	2,200	0	0	0
DDA compliance works	AM	6,500	0	6,500	0	0	500	2,000	2,000	2,000
Broadband: small works	AM	2,000	0	2,000	0	0	500	500	500	500
Langlands replacement [Secondary]	E&CS	300	0	300	0	0	300	0	0	0
Castle of St John Stranraer	E&CS	50	0	50	0	0	50	0	0	0
ICT mobile training suite	E&CS	125	0	125	0	0	125	0	0	0
Gretna library replacement	E&CS	500	0	500	0	0	500	0	0	0
Portpatrick Flood Prevention	P&E	900	665	235	10	0	225	0	0	0
Dumfries Southern Sector (additional cost)	P&E	250	0	250	0	0	250	0	0	0
Regeneration of Dumfries Town Centre	P&E	1,100	0	1,100	0	0	100	500	500	0
Regeneration of Stranraer Seafront	P&E	1,050	0	1,050	0	0	50	500	500	0
Infrastructure: planning and transportation	P&E	1,985	0	1,985	0	0	330	420	1,235	0
Totals		17,060	665	16,395	20	90	5,130	3,920	4,735	2,500
Feasibility studies/Option appraisals										
Cultural strategy; (project to be identified)	E&CS	75	0	75	0	0	75	0	0	0
Regeneration strategy: Dumfries/Stranraer (project to be identified)	P&E	89	0	89	0	0	89	0	0	0
Dumfries South Study	P&E	95	20	75	0	0	75	0	0	0
Totals		259	20	239	0	0	239	0	0	0

Notes

1. Private Sector Housing is transferred to ring-fenced from Dev & Maint from 2004/05 as this will be grant funded. The external funding figure represents contributions from owners/charities and is currently averaging £1.05 for every £1.00 of Council Funding
2. A contingency amount of £20k has been added to cover small commitments on any other projects

Corporate Infrastructure Block 2004/05													
Proj Ref Narrative	Status	Total score	Revenue costs		Total capital cost	External funding	Council Costs Profile						
			ongoing	first year			Total	Previous Yrs	2003-04	2004-05	2005-06	2006-07	2007-08
Forward commitments													
Work arising from Stewartry Area Property Review	AMw				200	0	200	50	150	0	0	0	0
Server Replacement Programme	AMict+				160	0	160	160	0	0	0	0	0
Replacement of Payroll System	AMict		25	25	300	0	300	50	50	0	200	0	0
Capital Monitoring System	AMict				10	0	10	10	0	0	0	0	0
Revenues Call System	AMict				20	0	20	0	20	0	0	0	0
Print Unit H&S issues	AMw				100	0	100	0	100	0	0	0	0
Revenues & Benefits System	AMict				260	0	260	65	195	0	0	0	0
0239 Integration of Scottish Criminal Justice Systems	AMict	408			100	0	100	0	100	0	0	0	0
246 Fallback Power Supply Emergency Centre	P&Ew	344			7	0	7	0	7	0	0	0	0
0176 Electronic Registration Communications System	AMict	240			7	0	7	0	7	0	0	0	0
Totals					1,164	0	1,164	335	629	0	200	0	0
2004/05 bids													
IS5 Upgrade link to Stranraer	AMict		28	0	6	0	6	0	0	6	0	0	0
IS1 Voice over IP	AMict		5	5	30	0	30	0	0	30	0	0	0
IS2 Gigabit backbone	AMict		2	2	20	0	20	0	0	20	0	0	0
IS3 Corporate routing upgrade & redundancy	AMict		5	5	20	0	20	0	0	20	0	0	0
IS4 Web content monitoring	AMict		2	2	20	0	20	0	0	20	0	0	0
Server replacement programme	AMict		0	0	1800	0	1800	0	0	450	450	450	450
Cash receipting	AMict		20	20	90	0	90	0	0	90	0	0	0
Document imaging	AMict		30	30	360	240	120	0	0	120	0	0	0
Decentralisation - telephony for Revenues	AMict		0	0	100	66	34	0	0	34	0	0	0
Powersolve FMIS replacement	AMict		50	50	500	0	500	0	0	0	500	0	0
Archives/ record management systems	AMw		0	0	60	0	60	0	0	60	0	0	0
Centralised ticketing system for cultural services	AMict		0	0	150	0	150	0	0	150	0	0	0
Totals			142	114	3,156	306	2,850	0	0	1,000	950	450	450

Key AM = Asset Management Committee; CP = Corporate Policy Committee; P&E = Planning & Environment Committee
w = works; ict = information & communications technology