

**REPORT TO: FINANCE COMMITTEE - 13 FEBRUARY 2006**

**REPORT ON: CAPITAL EXPENDITURE MONITORING 2005/06**

**REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)**

**REPORT NO: 109-2006**

## **1 PURPOSE OF REPORT**

- 1.1 To appraise Elected Members of the latest position regarding the Council's Capital Expenditure programme for 2005/06.

## **2 RECOMMENDATION**

- 2.1 It is recommended that the Committee note the latest position regarding the Council's Capital Expenditure programme for 2005/06.

## **3 FINANCIAL IMPLICATIONS**

- 3.1 This report shows the spend on capital projects to 31 December 2005 compared with the latest projected outturn on capital expenditure and revised budgets for 2005/06. The spend on General Services to 31 December 2005 is £21.137m which is 55% of the projected capital expenditure in 2005/06 of £38.646m. The spend on Housing HRA to 31 December 2005 is £9.478m which is 63% of the projected capital expenditure in 2005/06 of £15.063m.

- 3.2 The Council's Capital Expenditure in 2005/06 will be financed from a combination of capital grants, contributions and asset sales with the remainder being financed from borrowing. This will result in Loan Charges being incurred over the estimated useful life of the assets concerned. Appropriate provision has been included in the Council's approved Revenue Budgets for 2005/06 and will also be included in future years' Revenue Budgets.

## **4 LOCAL AGENDA 21 IMPLICATIONS**

None.

## **5 EQUAL OPPORTUNITIES IMPLICATIONS**

None.

## **6 BACKGROUND**

- 6.1 The Policy & Resources Committee, at its meeting on 9 May 2005 approved the 2005/06 Capital Budget for General Services as part of the Capital Plan 2005-2008 (Report No 231-2005). The Housing HRA Capital Programme took into account Scottish Housing Quality Standard bid and the report was approved at Policy & Resources Committee on 13 June 2005 (Report No 359-2005).

- 6.2 The Policy & Resources Committee on 16 January 2006 approved the 2006-2009 Capital Plan and noted the 2005/06 projected outturn to 31 March 2006. As a consequence of the new approved plan the 2005/06 budget is adjusted to reflect the slippage in project expenditure to 2006/07. The current Capital Monitoring takes into account the changes brought about by the new Plan and compares the spend and projected outturn against the adjusted budget for 2005/06 as noted in the 2006-2009 Capital Plan.

6.3 From 1 April 2004, S94 capital consents have been replaced by the Prudential Code for Capital Finance. The levels of borrowing are now determined within a Prudential Framework. The framework has been developed as a professional code of practice to support local authorities in taking decisions on capital investment. Local Authorities are now required, by Regulation, to comply with the Prudential Code under Part 7 of the Local Government in Scotland Act 2003.

6.4 The Capital Expenditure included in the 2005/06 Capital Budget falls within the Prudential limits approved by the Council.

## 7 **CURRENT POSITION**

7.1 The Depute Chief Executive (Finance) and the City Architectural Services Officer, in conjunction with the other Chief Officers of the Council, are closely monitoring the 2005/06 capital programme. The latest projections of capital expenditure and resources as compared with the provisions included in the approved Capital Budget, are shown in the Appendix to this report. The Appendix also shows the actual capital expenditure incurred to 31 December 2005. The Appendix is split between General Services and Housing - HRA.

## 8 **GENERAL SERVICES**

The major variances when comparing the projected outturn against the adjusted budget are explained below.

### 8.1 Education

The department is projecting an underspend of £73,000 in the adjusted budget for 2005/06 which is mainly due to slippages in minor capital works which will be carried forward to 2006/07. The rephasing of expenditure on St John's High School (£565,000), Kingspark (£120,000) and Non PPP Schools furniture (£10,000) and have been carried forward into 2006/07 in the latest Capital Plan.

### 8.2 Social Work

A delay to the start date for the Janet Brougham Home Replacement project is resulting in an underspend of £683,000 in 2005/06. This has been carried forward to 2006/07 in the 2006-2009 Capital Plan to accurately reflect the spend profile. A further delay due to site location change has resulted in further slippage projected in 2005/06 of £103,000. This will be carried forward to 2006/07. The Social Work Department is also projecting an overspend for the current year on the window replacement at Ancrum Day Centre of £10,000 which is offset by an underspend in the Property Upgrade budget.

### 8.3 Planning & Transportation

The department's budget has been adjusted for slippage of £583,000 to 2006/07 as a result of the revised Capital Plan.

The slippage to 2006/07 consists mainly of £413,000 for the new multi-storey car park at Greenmarket and £90,000 for Bridge assessment work and £80,000 for the Broughty Ferry Centre.

### 8.4 Economic Development

The Economic Development Department is projecting an overspend of £66,000. This is following the carry forward for Tayside House replacement fees underspend (£200,000) to 2006/07 in the 2006-2009 Capital Plan to reflect the revised spend profile.



## 8.5 Environmental Health and Trading Standards/Scientific Services

- i The department is projecting an underspend of £17,000, following slippage on Air Quality Monitoring Equipment (£66,000), Contaminated Land (£129,000) and Scientific Services property upgrade (£50,000) transferred to 2006/07 in the 2006-2009 Capital Plan. This further slippage will be carried forward to 2006/07.

## 8.6 Chief Executive/Support Services

£4.975m of the Central Waterfront planned expenditure has been transferred from 2005/06 to 2006/07 in the 2006-2009 Capital Plan. This expenditure is grant funded from the Cities Growth Fund, and the timing of the grant receipt has also been re-phased accordingly. It is now projected that an additional £249,000 expenditure will be committed in 2005/06 which will be fully funded from a grant from the Scottish Executive resulting in a net underspend of £15,000.

## 8.7 Capital Resources

The capital expenditure is funded from various sources including capital receipts and borrowing. The latest projection of £38.646m is £0.118m higher than the adjusted capital budget figure of £38.528m. The main reasons for this are:-

- i Following the rephasing of 2005/06 budgets in the 2006-2009 Capital Plan an additional £249,000 is expected to be funded from carried forward Cities Growth Fund grant.
- ii A reduction in the projected Capital Receipts for 2005/06 of £131,000 which reflects the lead time required to settle land transactions.

## 9 **HOUSING HRA**

- 9.1 The latest projected capital expenditure outturn of £15.063m is £2.936m under the approved capital budget of £18m. The approved budget includes a 20% allowance for slippage in the 2005/2006 capital programmes, therefore the forecasted outturn is £15,000.
- 9.2 The latest projection of capital resources of £15.729m is £729,000 higher than budget due to an increase in projected net asset sales.
- 9.3 Based on the latest estimates, capital expenditure is now projected at 96% of capital resources. Expenditure will be monitored to ensure that the outturn position is in line with the projected available resources for 2005/2006.

## 10 **CONSULTATION**

- 10.1 The Chief Executive, Depute Chief Executive (Support Services) and Director of Housing have been consulted in the preparation of this report.

## 11 **BACKGROUND PAPERS**

- 11.1 None.

**DAVID K DORWARD**  
**DEPUTE CHIEF EXECUTIVE (FINANCE)**

**7 FEBRUARY 2006**

**DUNDEE CITY COUNCIL CAPITAL EXPENDITURE MONITORING 2005/06**

Appendix

	<u>Approved</u> <u>Capital</u> <u>Budget</u> <u>2005/06</u> <u>£000</u>	<u>Total</u> <u>Budget</u> <u>Adjustments</u> <u>£000</u>	<u>Revised</u> <u>Capital</u> <u>Budget</u> <u>2005/06</u> <u>£000</u>	<u>Actual</u> <u>Spend to</u> <u>30 Nov 2005</u> <u>£000</u>	<u>Actual</u> <u>Spend to</u> <u>31 Dec 2005</u> <u>£000</u>	<u>Projected</u> <u>Outturn</u> <u>2005/06</u> <u>£000</u>	<u>Variance</u> <u>£000</u>	<u>Spend as</u> <u>a % of</u> <u>Projected</u> <u>Outturn</u>
<b>GENERAL SERVICES</b>								
<b>Capital Expenditure 2005/06</b>								
Education	12,295	(581)	11,714	5,516	7,141	11,641	(73)	61%
Social Work	2,476	(683)	1,793	1,178	1,211	1,690	(103)	72%
Planning & Transportation	3,778	(583)	3,195	1,487	1,643	3,199	4	51%
Leisure & Arts	2,119	137	2,256	1,473	1,952	2,256	0	87%
Communities	609	(102)	507	157	281	509	2	55%
Economic Development	2,979	200	3,179	911	1,096	3,245	66	34%
Waste Management	1,674	0	1,674	1,030	1,062	1,674	0	63%
Environmental Health & Trading Standards / Scientific Services	468	(224)	244	28	31	227	(17)	14%
Chief Executive / Support Services	12,448	(5,208)	7,240	3,151	3,619	7,474	234	48%
Finance	16	0	16	16	16	16	0	100%
Dundee Contract Services - Client	107	(20)	87	5	5	87	0	6%
Housing (Non-HRA)	2,386	5	2,391	1,201	1,431	2,391	0	60%
Dundee Airport	645	0	645	168	188	645	0	29%
Public Transport Fund	2,031	424	2,455	1,020	1,115	2,455	0	45%
Community Regeneration	947	185	1,132	246	346	1,137	5	30%
<b>Capital Expenditure 2005/06</b>	<b>44,978</b>	<b>(6,450)</b>	<b>38,528</b>	<b>17,587</b>	<b>21,137</b>	<b>38,646</b>	<b>118</b>	<b>55%</b>
		Note 1						
<b>Capital Resources 2005/06</b>								
<b>Expenditure Funded from Borrowing</b>	21,797	(1,979)	19,818			19,818		
<b>Capital Grants:-</b>								
Cycling, Walking & Safer Streets	248	0	248			248		
School Fund	2,461	0	2,461	2,178	2,178	2,461		
Contaminated Land	142	0	142			142		
Private Sector Housing Grant	2,386	0	2,386	585	585	2,386		
Vacant & Derelict Land Fund	2,226	0	2,226	138	138	2,226		
Cities Growth Fund	8,225	(4,975)	3,250	3,123	3,123	3,499		
20mph Speed Limit Around Schools	330	0	330			330		
Smart Bus	2,031	0	2,031	184	734	2,031		
Air Quality Monitoring	0	80	80			80		
Regional Transport Partnership	0	424	424			424		
<b>Transfer Resources from R&amp;R Fund to fund Capital</b>	485	0	485			485		
<b>Capital Receipts:-</b>								
ERDF / Contributions	180	0	180	225	247	180		
Net Asset Sales	4,467	0	4,467	1,526	1,616	4,336		
<b>Capital Resources 2005/06</b>	<b>44,978</b>	<b>(6,450)</b>	<b>38,528</b>	<b>7,959</b>	<b>8,621</b>	<b>38,646</b>		
<b>Capital Expenditure as % of Capital Resources</b>	<b>100%</b>		<b>100%</b>			<b>100%</b>		

Note 1 - the reduction of £6,450,000 relates to slipped projects from 2004/05 of £295,000, additional capital grant of £504,000, additional expenditure of £68,000 and a projected slippage of £7,317,000 to 2006/07 incorporated in the revised capital plan..

DUNDEE CITY COUNCIL CAPITAL EXPENDITURE MONITORING 2005/06

Appendix

	<u>Approved</u> <u>Capital</u> <u>Budget</u> <u>2005/06</u> <u>£000</u>	<u>Total</u> <u>Budget</u> <u>Adjustments</u> <u>£000</u>	<u>Revised</u> <u>Capital</u> <u>Budget</u> <u>2005/06</u> <u>£000</u>	<u>Actual</u> <u>Spend to</u> <u>30 Nov 2005</u> <u>£000</u>	<u>Actual</u> <u>Spend to</u> <u>31 Dec 2005</u> <u>£000</u>	<u>Projected</u> <u>Outturn</u> <u>2005/06</u> <u>£000</u>	<u>Variance</u> <u>£000</u>	<u>Spend as</u> <u>a % of</u> <u>Projected</u> <u>Outturn</u>
<b>HOUSING HRA</b>								
<b>Capital Expenditure 2005/06</b>								
Roofs	3,419	0	3,419	1,287	1,739	3,245	(174)	54%
Roughcast	1,470	0	1,470	43	99	752	(718)	13%
Windows	1,152	0	1,152	1	2	22	(1,130)	9%
Heating and Energy Efficiency	10,362	0	10,362	5,281	6,547	9,684	(678)	68%
Modern Facilities and Services	58	0	58	111	116	120	62	97%
Healthy, Safe and Secure	1,847	0	1,847	543	680	1,325	(522)	51%
Area Housing Office East	1,000	0	1,000	158	177	350	(650)	51%
Area Housing Office West	0	0	0	0	13	200	200	7%
Community Care	0	0	0	0	196	365	365	54%
(Less Receipts from Owners)	(1,308)	0	(1,308)	(88)	(91)	(1,000)	308	9%
<b>Capital Expenditure 2005/06</b>	<b>18,000</b>	<b>0</b>	<b>18,000</b>	<b>7,336</b>	<b>9,478</b>	<b>15,063</b>	<b>(2,937)</b>	<b>63%</b>
<b>Capital Resources 2005/06</b>								
Expenditure Funded from Borrowing	5,780	0	5,780			5,780		
Capital Receipts: Net Asset Sales	9,220	0	9,220	4,370	5,050	9,949		
	<b>15,000</b>	<b>0</b>	<b>15,000</b>	<b>4,370</b>	<b>5,050</b>	<b>15,729</b>		
<b>Capital Expenditure as % of Capital Resources</b>	<b>120%</b>		<b>120%</b>			<b>96%</b>		