

REPORT TO: FINANCE COMMITTEE - 15 AUGUST 2005

REPORT ON: CAPITAL EXPENDITURE MONITORING 2005/06

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 467-2005

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 30 June 2005 compared with the latest outturn on capital expenditure for 2005/06. The spend on General Services to 30 June 2005 is £3.411m which is 8% of the projected capital expenditure in 2005/06 of £43.451m. The spend on Housing HRA to 30 June 2005 is £1.005m which is 6% of the projected capital expenditure in 2005/06 of £17.657m.

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6.2 From 1 April 2004, S94 capital consents had been replaced by the Prudential Code for Capital Finance.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.

6.3 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 30 June 2005. The Appendix is split between Housing - HRA and all other sections.

8 **ALL DEPARTMENTS EXCLUDING HOUSING HRA**

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

8.1 Education

The department is projecting an underspend of £73k at this early stage in the monitoring process. Priority works arising from Health and Safety issues, may demand use of this projected underspend.

8.2 Social Work

The Social Work Department is projecting an overspend for the current year on the Menzieshill House refurbishment. This is offset by an underspend in the replacement Social Work offices at Claverhouse. The net underspend will be carried forward to 2006/07 to complete the next phase of works.

8.3 Planning & Transportation

The department's budget has been adjusted for slippage of £500,000 to 2006/07 in respect of the multi-storey car park at Greenmarket.

8.4 Chief Executive/Support Services

The £1.5m underspend projected within the Chief Executive's budget is due to re-phased expenditure for Central Waterfront from 2005/06 to 2006/07. This expenditure is grant funded from the Cities Growth Fund.

8.5 Community Regeneration

This project is currently projecting an overspend of £245,000 when compared to the adjusted budget, the principal reason being the advance programme of the Ardler Neighbourhood Centre improvements £178,000 which will be funded from advancing the 2006/07 allocation.

- 8.6 The capital expenditure is funded from various sources including capital receipts and borrowing. The latest projection of £43.451m is £1.527m lower than the original capital budget figure of £44.978m. The main reasons for this are:-

- i Additional capital grants of £118,000 to cover expenditure for additional Air Quality Monitoring within Environmental Health. Reduction in capital grant of £1.486m, required to fund Central Waterfront expenditure in 2005/06 due to slippage on the project from 2005/06 to 2006/07.
- ii Reduction in net borrowing of £205,000, required to fund expenditure in 2005/06 due to slippage on projects from 2004/05 to 2006/07.

9 HOUSING HRA

- 9.1 The latest projection of capital expenditure of £17.657m is £2.721m over the approved budget. The overspend of £2.721m is based on the projected spend which includes a 20% allowance for slippage. Expenditure will be monitored to ensure that the outturn position is in line with the approved budget.
- 9.2 The latest projection of capital resources of £14.936m is £64,000 lower than the approved budget due to a reduction in projected Net Asset sales.
- 9.3 Based on the latest estimates, capital expenditure is now projected at 118% of capital resources.

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)**

2 AUGUST 2005

Note 1 - £87k represents slipped projects from 2004/05 of £295k, additional grant of £118k and a projected slippage of £500k to 2006/07.

DUNDEE CITY COUNCIL - CAPITAL EXPENDITURE MONITORING 2005/06

<u>DEPARTMENT/SERVICE</u>	<u>Approved Capital Budget 2005/06 £000</u>	<u>Total Budget Adjustments £000</u>	<u>Revised Capital Budget 2005/06 £000</u>	<u>Actual Spend to 30 June 2005 £000</u>	<u>Projected Outturn 2005/06 £000</u>	<u>Variance £000</u>	<u>Spend as a % of Projected Outturn %</u>
<u>HOUSING HRA</u>							
<u>Capital Expenditure 2005/06</u>							
Roofs	3,419	-	3,419	204	3,397	(22)	6
Roughcast	1,470	-	1,470	21	1,470	-	1
Windows	1,152	-	1,152	-	1,152	-	-
Heating and Energy Efficiency	10,362	-	10,362	734	10,001	(361)	7
Modern Facilities and Services	58	-	58	18	58	-	31
Healthy, Safe and Secure	1,847	-	1,847	37	1,887	40	2
Area Housing Office East	1,000	-	1,000	29	1,000	-	3
(Less Receipts from Owners)	(1,308)	-	(1,308)	(38)	(1,308)	-	3
Capital Expenditure 2005/06	18,000	-	18,000	1,005	17,657	(343)	6
<u>Capital Resources 2005/06</u>							
Expenditure Funded from Borrowing	5,780	-	5,780		5,780		
Capital Grant:					-		
Capital Receipts: Net Asset Sales	9,220	-	9,220		9,156		
	15,000	-	15,000	-	14,936		
Capital Expenditure as % of Capital Resources	120%		120%		118%		