

REPORT TO: FINANCE COMMITTEE - 14 NOVEMBER 2005

REPORT ON: CAPITAL EXPENDITURE MONITORING 2005/06

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 656-2005

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 September 2005 compared with the latest outturn on capital expenditure for 2005/06. The spend on General Services to 30 September 2005 is £11.067m which is 28% of the projected capital expenditure in 2005/06 of £38.947m. The spend on Housing HRA to 30 September 2005 is £4.656m which is 29% of the projected capital expenditure in 2005/06 of £16.038m.
- 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- 6.2 From 1 April 2004, S94 capital consents had been replaced by the Prudential Code for Capital Finance.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 September 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 £630,000 in the overall budget. There is a requirement for the department to fund a projected shortfall on St John's High School in 2006/2007. The department will use the underspend to meet any demand for Health and Safety works in 2005/2006 and then carry forward any balance to 2006/2007 to meet the spend on St Johns HS.

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 will be carried forward to 2006/07 to accurately reflect the spend profile. The Social Work Department is projecting an overspend for the current year on the Menzieshill House refurbishment of £87,000. This is offset by an underspend in the replacement Social Work offices at Claverhouse.

8.3 Planning & Transportation

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

8.4 Communities

The department is projecting an underspend of £102,000 which is mainly due to a delayed start date on the Charleston Neighbourhood Centre refurbishment. This will be carried forward to 2006/07 to reflect the re-phasing of the project.

8.5 Economic Development

The Economic Development Department is projecting an underspend of £175,000 which relates to a reduction in the projected outturn for Tayside House replacement fees. This will be carried forward to 2006/07 to reflect the revised spend profile.

8.6 Chief Executive/Support Services

The £5.043m underspend projected within the Chief Executive's budget is mainly due to re-phased expenditure on the Central Waterfront from 2005/06 to 2006/07. This expenditure is grant funded from the Cities Growth Fund, and the timing of the grant receipt has also been re-phased accordingly.

8.7 Community Regeneration

This project is currently projecting an overspend of £209,000 when compared to the adjusted budget, the principal reason being the advancement of the Ardler Neighbourhood Centre improvements of £209,000 which will be funded from capital receipts brought forward from previous years and current years ERDF grants.

8.8 Capital Resources

The capital expenditure is funded from various sources including capital receipts and borrowing. The latest projection of £38.947 is £6.031 lower than the original capital budget figure of £44.978m. The main reasons for this are:-

- i Re-phasing of capital grant of £4.952m, 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 £1.621m, required to fund expenditure in 2005/06 due to slippage on projects from 2005/06 to 2006/07.
- iii Additional capital grants of £118,000 to cover expenditure for additional Air Quality Monitoring within Environmental Health.
- iv Additional capital grant of £424,000 for Regional Transport Partnerships Initiative.

9 **HOUSING HRA**

- 9.1 The latest projected capital expenditure outturn of £16.038m is £1.962m under the approved capital budget of £18m. The approved budget includes a 20% allowance for slippage in the 2005/2006 capital programmes.
- 9.2 The latest projection of capital resources of £15.470m is £470,000 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 104% 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)

9 NOVEMBER 2005

DUNDEE CITY COUNCIL - CAPITAL EXPENDITURE MONITORING 2005/06

	<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>31 Aug 2005</u> <u>£000</u>	<u>Actual</u> <u>Spend to</u> <u>30 Sept 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> <u>%</u>
GENERAL SERVICES								
Capital Expenditure 2005/06								
Education	12,295	4	12,299	2,526	3,377	11,669	(630)	29
Social Work	2,476	-	2,476	978	1,040	1,793	(683)	58
Planning & Transportation	3,778	(500)	3,278	812	1,008	3,287	9	31
Leisure & Arts	2,119	97	2,216	609	874	2,216	-	39
Communities	609	-	609	83	100	507	(102)	20
Economic Development	2,979	339	3,318	462	485	3,143	(175)	15
Waste Management	1,674	-	1,674	283	362	1,674	-	22
Environmental Health/Trading Standards/Scientific Services	468	105	573	2	4	573	-	1
Chief Executive/Support Services	12,448	(40)	12,408	1,661	2,058	7,365	(5,043)	28
Finance	16	-	16	16	16	16	-	100
Dundee Contract Services - Client	107	-	107	-	-	107	-	-
Housing (Non-HRA)	2,386	5	2,391	707	831	2,391	-	35
Dundee Airport	645	-	645	60	105	645	-	16
Public Transport Fund	2,031	424	2,455	308	669	2,455	-	27
Community Regeneration	947	(50)	897	93	138	1,106	209	12
Capital Expenditure 2005/06	44,978	384	45,362	8,600	11,067	38,947	(6,415)	28
		Note 1						
Capital Resources 2005/06								
Expenditure Funded from Borrowing	21,797	(158)	21,639			20,176		
Capital Grants:								
Cycling, Walking & Safer Streets	248	-	248			248		
School Fund	2,461	-	2,461			2,461		
Contaminated Land	142	-	142			142		
Private Sector Housing Grant	2,386	-	2,386			2,386		
Vacant & Derelict Land Fund	2,226	-	2,226	13	13	2,226		
Cities Growth Fund	8,225	-	8,225	3,273	3,273	3,273		
20mph Speed Limit Around Schools	330	-	330			330		
Smart Bus	2,031	-	2,031	184	184	2,031		
Air Quality Monitoring	-	118	118			118		
Regional Transport Partnership	-	424	424			424		
Transfer Resources from Renewal & Repair Fund to fund Capital Expenditure	485	-	485			485		
Capital Receipts:								
ERDF/Contributions	180	-	180	102	178	180		
Net Asset Sales	4,467	-	4,467	593	703	4,467		
Capital Resources 2005/06	44,978	384	45,362	4,165	4,351	38,947		
Estimated Projected Overspend	100%		100%			100%		

Note 1 - £384k represents slipped projects from 2004/05 of £295k, additional capital grant of £542k, additional expenditure of £47k and a projected slippage of £500k to 2006/07.

DUNDEE CITY COUNCIL - CAPITAL EXPENDITURE MONITORING 2005/06

	<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>31 Aug 2005</u> <u>£000</u>	<u>Actual</u> <u>Spend to</u> <u>30 Sept 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> <u>%</u>
<u>HOUSING HRA</u>								
<u>Capital Expenditure 2005/06</u>								
Roofs	3,419	-	3,419	649	843	3,197	(232)	26
Roughcast	1,470	-	1,470	22	24	940	(530)	3
Windows	1,152	-	1,152	-	1	150	(1,002)	1
Heating and Energy Efficiency	10,362	-	10,362	2,512	3,497	10,491	129	33
Modern Facilities and Services	58	-	58	92	111	115	57	97
Healthy, Safe and Secure	1,847	-	1,847	104	131	1,355	(492)	10
Area Housing Office East	1,000	-	1,000	55	117	800	(200)	15
(Less Receipts from Owners)	(1,308)	-	(1,308)	(49)	(68)	(1,000)	308	7
Capital Expenditure 2005/06	18,000	-	18,000	3,385	4,656	16,038	(1,962)	29
<u>Capital Resources 2005/06</u>								
Expenditure Funded from Borrowing	5,780	-	5,780			5,780		
Capital Receipts: Net Asset Sales	9,220	-	9,220	3,162	3,610	9,690		
	15,000	-	15,000	3,162	3,610	15,470		
Capital Expenditure as % of Capital Resources	120%		120%			104%		