

REPORT TO: FINANCE COMMITTEE - 12 SEPTEMBER 2005

REPORT ON: CAPITAL EXPENDITURE MONITORING 2005/06

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 540-2005

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 31 July 2005 compared with the latest outturn on capital expenditure for 2005/06. The spend on General Services to 31 July 2005 is £6.227m which is 15% of the projected capital expenditure in 2005/06 of £42.401m. The spend on Housing HRA to 31 July 2005 is £2.209m which is 13% of the projected capital expenditure in 2005/06 of £16.661m.
- 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- 6.2 From 1 April 2004, S94 capital consents had been replaced by the Prudential Code for Capital Finance.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 31 July 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 £138,000 in the overall education department budget. There is a requirement for the department to fund a projected shortfall on St Johns 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

The Social Work Department is projecting an overspend for the current year on the Menzieshill House refurbishment of £54,000. This is offset by an underspend in the replacement Social Work offices at Claverhouse. A delay to the start date for the Janet Brougham Home Replacement project is resulting in an underspend of £486,000 in 2005/06. This will be carried forward to 2006/07 to accurately reflect the spend profile.

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 £2.1m 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 Capital Resources

The capital expenditure is funded from various sources including capital receipts and borrowing. The latest projection of £42.401m is £2.577m 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 £1.846m,

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 £789,000, required to fund expenditure in 2005/06 due to slippage on projects from 2005/06 to 2006/07.

9 **HOUSING HRA**

- 9.1 The latest projected capital expenditure outturn of £16.661m is £1.339m 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 £15.124m is £124,000 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 110% 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)

6 SEPTEMBER 2005

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>Actual Spend to 31 July 2005 £000</u>	<u>Projected Outturn 2005/06 £000</u>	<u>Variance £000</u>	<u>Spend as a % of Projected Outturn %</u>
<u>ALL DEPARTMENTS (EXCLUDING HOUSING HRA)</u>								
<u>Capital Expenditure 2005/06</u>								
Education	12,295	4	12,299	1,030	1,474	12,161	(138)	12
Social Work	2,476	-	2,476	750	955	1,990	(486)	48
Planning & Transportation	3,778	(500)	3,278	178	569	3,287	9	17
Leisure & Arts	2,119	15	2,134	317	466	2,134	-	22
Communities	609	-	609	70	87	591	(18)	15
Economic Development	2,979	339	3,318	231	320	3,296	(22)	10
Waste Management	1,674	-	1,674	58	111	1,675	1	7
Environmental Health/Trading Standards/Scientific Services	468	105	573	-	-	573	-	-
Chief Executive/Support Services	12,448	-	12,448	420	1,245	10,367	(2,081)	12
Finance	16	-	16	-	16	16	-	100
Dundee Contract Services - Client	107	-	107	-	-	107	-	-
Housing (Non-HRA)	2,386	-	2,386	112	441	2,386	-	18
Dundee Airport	645	-	645	52	37	645	-	6
Public Transport Fund	2,031	-	2,031	184	479	2,031	-	24
Community Regeneration	947	(50)	897	9	27	1,142	245	2
Capital Expenditure 2005/06	44,978	(87)	44,891	3,411	6,227	42,401	(2,490)	15
Note 1								
<u>Capital Resources 2005/06</u>								
Expenditure Funded from Borrowing	21,797	(205)	21,592			21,008		
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			2,226		
Cities Growth Fund	8,225	-	8,225		3,273	6,319		
20mph Speed Limit Around Schools	330	-	330			330		
Smart Bus	2,031	-	2,031			2,031		
Air Quality Monitoring	-	118	118			118		
Transfer Resources from Renewal & Repair Fund to fund Capital Expenditure	485	-	485			485		
Transfer Capital Expenditure to CFCR		-	-			-		
Capital Receipts:								
ERDF/Contributions	180	-	180	118	100	180		
Net Asset Sales	4,467	-	4,467	136	177	4,467		
Capital Resources 2005/06	44,978	(87)	44,891	254	3,550	42,401		
Estimated Projected Overspend	100%		100%			100%		

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>Actual Spend to 31 July 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	510	3,344	(75)	15
Roughcast	1,470	-	1,470	21	22	1,470	-	1
Windows	1,152	-	1,152	-	-	414	(738)	-
Heating and Energy Efficiency	10,362	-	10,362	734	1,510	9,731	(631)	16
Modern Facilities and Services	58	-	58	18	92	100	42	92
Healthy, Safe and Secure	1,847	-	1,847	37	78	1,910	63	4
Area Housing Office East	1,000	-	1,000	29	46	1,000	-	5
(Less Receipts from Owners)	(1,308)	-	(1,308)	(38)	(49)	(1,308)	-	4
Capital Expenditure 2005/06	18,000	-	18,000	1,005	2,209	16,661	(1,339)	13-
<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			9,344		
	15,000	-	15,000	-		15,124		
Capital Expenditure as % of Capital Resources	120%		120%			110%		