

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

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

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

**REPORT NO: 168-2006**

**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 January 2006 compared with the latest projected outturn on capital expenditure and revised budgets for 2005/06. The spend on General Services to 31 January 2006 is £23.456m which is 62% of the projected capital expenditure in 2005/06 of £37.915m. The spend on Housing HRA to 31 January 2006 is £10.202m which is 69% of the projected capital expenditure in 2005/06 of £14.889m.
- 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- 6.3 From 1 April 2004, S94 capital consents have been replaced by the Prudential Code for Capital Finance.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 January 2006. 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 £37,000 in the projected outturn 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. The department is projecting an underspend of £93,000 on Property Upgrades, due to delays in replacement of boilers at Douglas House and Bruce Street. This slippage will require to be carried forward into 2006/07.

### 8.3 Planning & Transportation

The department's budget has been reduced for £583,000 of slippage in 2006/07 as a result of the revised Capital Plan. This slippage consists mainly of Bridge assessment work of £90,000, £80,000 for the Broughty Ferry Centre, and £413,000 for the new multi-storey car park at Greenmarket but this figure will require to be adjusted by £176,000 to take account of materials arriving on site in the current year which were not budgeted for until 2006/07.

### 8.4 Communities

The department's budget has been reduced by £72,000 due to slippage on the Charleston Neighbourhood Centre Replacement project. This figure will require to be carried forward into 2006/07.

## 8.5 Environmental Health and Trading Standards/Scientific Services

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.

## 8.7 Community Regeneration

The department is projecting an underspend of £465,000, due mainly to slippage on the acquisition of shops. This will require to be carried forward into 2006/07.

## 8.8 Capital Resources

The capital expenditure is funded from various sources including capital receipts and borrowing. The latest projection of £37.915m is £0.084m lower than the adjusted capital budget figure of £37.999m. 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 Asset Sales for 2005/06 of £284,000 which reflects the lead time required to settle land transactions.
- iii A reduction in the projected borrowing of £49,000.

## 9 **HOUSING HRA**

9.1 The latest projected capital expenditure outturn of £14.889m is £3.111m under the approved capital budget of £18m. The approved budget includes a 20% allowance for slippage in the 2005/2006 capital programmes, therefore the budgeted outturn is £15m.

9.2 The latest projection of capital resources of £15.749m is £749,000 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 95% of capital resources. The slippage will require to be carried forward into 2006/07.

## 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 MARCH 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>31 Dec 2005</u> <u>£000</u>	<u>Actual</u> <u>Spend to</u> <u>31 Jan 2006</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><u>Capital Expenditure 2005/06</u></b>								
Education	12,295	(581)	11,714	7,141	7,647	11,677	(37)	65%
Social Work	2,476	(776)	1,700	1,211	1,254	1,700	0	74%
Planning & Transportation	3,778	(407)	3,371	1,643	1,650	3,364	(7)	49%
Leisure & Arts	2,119	137	2,256	1,952	2,388	2,256	0	106%
Communities	609	(174)	435	281	364	435	0	84%
Economic Development	2,979	100	3,079	1,096	1,356	3,083	4	44%
Waste Management	1,674	0	1,674	1,062	1,127	1,674	0	67%
Environmental Health & Trading Standards / Scientific Services	468	(224)	244	31	34	227	(17)	15%
Chief Executive / Support Services	12,448	(5,208)	7,240	3,619	3,903	7,238	(2)	54%
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	1,431	1,651	2,391	0	69%
Dundee Airport	645	0	645	188	253	645	0	39%
Public Transport Fund	2,031	424	2,455	1,115	1,388	2,455	0	57%
Community Regeneration	947	(255)	692	346	420	667	(25)	63%
<b>Capital Expenditure 2005/06</b>	<b>44,978</b>	<b>(6,979)</b>	<b>37,999</b>	<b>21,137</b>	<b>23,456</b>	<b>37,915</b>	<b>(84)</b>	<b>62%</b>
Note 1								
<b><u>Capital Resources 2005/06</u></b>								
<b>Expenditure Funded from Borrowing</b>	<b>21,797</b>	<b>(1,979)</b>	<b>19,818</b>			<b>19,769</b>		
<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	3,315	3,499		
20mph Speed Limit Around Schools	330	0	330			330		
Smart Bus	2,031	0	2,031	734	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>	<b>485</b>	<b>0</b>	<b>485</b>			<b>485</b>		
<b>Capital Receipts:</b>								
ERDF / Contributions	180	0	180	247	251	180		
Net Asset Sales	4,467	(529)	3,938	1,616	1,616	3,654		
<b>Capital Resources 2005/06</b>	<b>44,978</b>	<b>(6,979)</b>	<b>37,999</b>	<b>8,621</b>	<b>8,817</b>	<b>37,915</b>		
<b>Capital Expenditure as % of Capital Resources</b>	<b>100%</b>		<b>100%</b>			<b>100%</b>		

Note 1 - the reduction of £6,979,000 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 £7,846,000 to 2006/07, of which £7,317,000 has been incorporated in the revised capital plan

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

Appendix

**HOUSING HRA**

	<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 Dec 2005</u> <u>£000</u>	<u>Actual</u> <u>Spend to</u> <u>31 Jan 2006</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>Capital Expenditure 2005/06</b>								
Roofs	3,419	0	3,419	1,739	1,875	3,055	(364)	61%
Roughcast	1,470	0	1,470	99	105	613	(857)	17%
Windows	1,152	0	1,152	2	2	22	(1,130)	9%
Heating and Energy Efficiency	10,362	0	10,362	6,547	7,086	9,529	(833)	74%
Modern Facilities and Services	58	0	58	116	116	120	62	97%
Healthy, Safe and Secure	1,847	0	1,847	680	763	1,125	(722)	68%
Area Housing Office East	1,000	0	1,000	177	182	350	(650)	52%
Area Housing Office West	0	0	0	13	17	200	200	9%
Community Care	0	0	0	196	198	275	275	72%
(Less Receipts from Owners)	(1,308)	0	(1,308)	(91)	(142)	(400)	908	36%
<b>Capital Expenditure 2005/06</b>	<b>18,000</b>	<b>0</b>	<b>18,000</b>	<b>9,478</b>	<b>10,202</b>	<b>14,889</b>	<b>(3,111)</b>	<b>69%</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	5,050	5,397	9,969		
	<b>15,000</b>	<b>0</b>	<b>15,000</b>	<b>5,050</b>	<b>5,397</b>	<b>15,749</b>		
<b>Capital Expenditure as % of Capital Resources</b>	<b>120%</b>		<b>120%</b>			<b>95%</b>		