

# WEST DUNBARTONSHIRE COUNCIL

## Report by the Chief Executive

Council - 30 August 2006

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**Subject: General Services Capital Plan 2007/08 and 2008/09**

### **1. Purpose of Report**

**1.1** The purpose of this report is to provide Members with information on capital resources and bids for 2007/08 and 2008/09.

### **2. Background**

**2.1** The Council has historically agreed their capital plan on an annual basis. However, it is felt that a longer term plan would be a more strategic approach.

**2.2** Departments were originally asked to submit capital bids for committed and non-committed projects for 2007/8 and 2008/9 during the 2006/7 estimates process. These bids have now been reviewed and updated.

**2.3** Appendices I to III report on estimated resources, identify committed expenditure and summarise current uncommitted departmental bids for 2007/8.

**2.4** Appendices IV to VI report on estimated resources, identify committed expenditure and summarise current uncommitted departmental bids for 2008/9.

**2.5** Expenditure can be identified as committed for a number of reasons:

- (a) Expenditure in relation to external ringfenced funding – e.g. grants.
- (b) Expenditure due allocated to capital on an annual basis – e.g. administrative and architectural support, capitalised central repairs.
- (c) Expenditure which has been politically agreed – i.e. Member agreement through Committee/Council decision.
- (d) Expenditure which has been legally committed – i.e. through the Council's ordering/tendering procedures.

**2.6** The Scottish Executive reports three year settlement figures to local authorities. This identifies capital grants and government supported borrowing figures for planning purposes. Year 1 of the next settlement is 2008/9, thus minimal information is available for that year at present regarding grants (e.g. Schools Fund) and there is no confirmation of government supported borrowing levels. Known grants have been included and assumptions have been made regarding supported borrowing in Appendix IV. Further grants identified at a later stage will be offset by expenditure, thus there should be no net impact to the programme.

- 2.7** At this stage, there is no additional prudential borrowing included within either 2007/8 or 2008/9. It is assumed that any future prudential borrowing will be for specific projects outwith core bids.
- 2.8** Within the resources available each year there is an element of capital receipts identified which are only estimates and cannot be guaranteed. These figures could change and as a result capital plans may require to be altered.
- 2.9** Slippage has been included at approximately 10% of the available resources. If departments have an early indication of some projects within their capital plan for both years, this will allow projects to be planned in advance of the appropriate financial year. This should reduce the level of in-year slippage which the Council is currently familiar with.

### **3. Main Issues**

#### **2007/08**

- 3.1** The total funds available for the capital plan are £10.308m (Appendix I). The committed projects (Appendix II) total £10.138m, therefore the funds available for non-committed capital bids total £0.170m. This is mainly due to the level of receipts available in year, but also the level of committed expenditure and the level of expenditure anticipated to slip from 2006/7 to be funded from 2007/8 resources.
- 3.2** Bids for non-committed capital projects by departments, summarised in Appendix III, amount to £14.262m. Overall, non-committed capital projects exceed available resources by £14.092m.
- 3.3** Due to the level of available resources being much less than the bids, departments have been asked to:
- (a) Review their 'committed' expenditure in both 2006/07 and 2007/08 to identify expenditure on capital projects which may be reduced (either through the tendering process or by reducing the specification of the project)
  - (b) Consider spend-to-save options where revenue savings achieved through a project can finance the annual pay-back of loan charges due (i.e. prudential borrowing).
  - (c) Review their assets to identify any further potential disposals.

#### **2008/09**

- 3.4** Currently, total funds available for the capital plan are £10.556m (Appendix IV). The committed projects (Appendix V) total £4.835m, therefore the funds available for non-committed bids are £5.721m.

- 3.5** Bids for non-committed capital projects by department, summarised in Appendix VI, amount to £10.149m. Overall, non-committed capital bids in 2008/09 exceed available resources by £4.428m.
- 3.6** The figures quoted in 3.5 do not take account of the uncommitted bids in 2007/8 - these are also available for consideration in the 2008/9 programme.

#### **4. Personnel Implications**

- 4.1** There are no personnel implications.

#### **5. Financial implications**

- 5.1** To fund all requested bids, the Council would require to find additional resources of £14.092m in 2007/8 and £4.428m in 2008/9.

#### **6. Conclusions**

- 6.1** In each year, the resources available for funding non-committed capital projects are inadequate to meet the requests of all departments.

##### **2007/08**

- 6.2** After accounting for committed bids, only £0.170m non-committed bids can be funded. This would leave £14.092m of non-committed bids unfunded.

##### **2008/09**

- 6.3** After accounting for committed bids, £5.721m non-committed bids can be funded. Non-committed bids in 2008/9 amount to £10.149m with additional bids from 2007/8 also available to be considered per paragraph 6.2 above.

#### **7. Recommendations**

- 7.1** It is recommended that Members:

(a) Agree the principle of a longer term capital planning approach

##### **2007/08**

(b) Note that, at present, the funds available for uncommitted capital bids total £0.170m

(c) Agree that, at present, no other bids will be considered until (and if) additional resources/ sources of funding are identified

(d) Note that departments are reviewing asset disposals and expenditure needs and an update report will be brought back to Council in due course.

**2008/09**

- (e) Note the position as stated within the report
- (f) Agree that, at present, no uncommitted bids will be considered until the position regarding additional resources/ sources of funding in 2007/8 is updated.

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**Background Papers:** Departmental Bids  
Scottish Executive Capital Grant Circulars

**Wards Affected:** All