

WEST DUNBARTONSHIRE COUNCIL

Report by the Chief Executive

Council - 28 June 2006

Subject: General Services Capital 2006/2007 update

1. Purpose

- 1.1** The purpose of this report is to update Members on the General Services Capital plan for 2006/2007.

2. Background

- 2.1** The Council agreed the 2006/07 General Services Capital Programme at its meeting on 22 February 2006. This capital programme has now been updated to take account of any slippage in expenditure and resources brought forward from 2005/06.
- 2.2** The plan also takes account of additional expenditure agreed by Members at the Council meeting in February for schools regeneration.
- 2.3** The report considers and recommends changes in budgeted spend on some of the agreed projects caused by a revision to the estimated project costs. Where necessary, the report recommends sources of funding for that additional spend.

3. Main Issues

- 3.1** Appendix I details the current forecast for resources and expenditure (both totalling £22.719m). Included in this figure is a level of slippage identified as required within resources (£3.946m). This is higher than reported to Members in February, but is similar to the slippage identified at this stage last year. In line with normal processes at this time of year, departments are currently being asked to review their capital programmes to confirm levels of slippage and potential underspends.
- 3.2** The 'shortfall in capital receipts 2005/2006' adjustment on Appendix I is due to the need for temporary prudential borrowing in 2005/2006, related to timing differences of asset sales. These receipts are now expected in 2006/2007 and have been earmarked to fund the temporary borrowing and are therefore not available to fund 2006/2007 capital.
- 3.3** Appendix II details the ring fenced funding allocations and includes slippage in expenditure identified from 2005/06. The total ringfenced spend identified amounts to £5.069m.

- 3.4** Appendix III details Council funded projects (including expenditure slippage identified from 2005/06) and amounts to £17.650m.
- 3.5** Currently the anticipated receipts from the sale of assets during 2006/07 are £6.383m (as noted in Appendix I). This is less than receipts reported to Council in February. This is caused partially by actual monies received being different from those anticipated during the budget process (including potential sales now not expected) and by timing differences. Again, in line with normal processes, receipts are constantly being reviewed and updated to maximise outturn figures.
- 3.6** At the Council meeting in February, a motion was agreed by Members in allocating capital funds held/ anticipated in respect of education regeneration, to the value of £7.745m. These projects will span more than one financial year, commencing 2006/2007. Within appendices I to III, £5.588m of resources has been earmarked for these projects, with the remainder of the funding due to be received in 2007/2008. The projects identified are budgeted within the general headings of schools fund ringfenced monies and council funded schools regeneration monies.
- 3.7** These projects (and a number of others) have been reviewed by officers in an attempt to progress the projects and some initial costings have now been revised, as noted in Appendix IV. The overall increase to the capital programme due to these revisions is £2.535m. Resources for these increased costs have been identified through prudential borrowing, with the annual funding of the prudential borrowing (estimated at approximately £0.254m per annum) being available from identified future revenue savings in Educational budgets:
- (a) Initial savings from the early closure of Braidfield High School; thereafter
(b) Annual ongoing savings from the reduced PPP project team budget.

4. Personnel Issues

- 4.1** There are no personnel issues.

5. Financial Implications

- 5.1** Anticipated resources of £18.773m - from a variety of sources - have been identified for use within 2006/2007. Slippage of £3.946m has been added to this to give an overall total anticipated capital resources of £22.719m.
- 5.2** Taking account of capital projects in 2005/2006 which have slipped into 2006/2007 and capital projects approved by Members in February 2006, the total spend identified amounts to £22.719m.
- 5.3** Additional capital expenditure and resources have been identified amounting to £2.535m in respect of some Education projects. If agreed, this would increase the overall capital budget/resources to £25.254m.

5.4 The annual revenue resources required to fund the additional capital spend is estimated at £0.254m. These resources have been identified as available.

6. Conclusions

6.1 The 2006/2007 capital plan approved by Members in February has been updated to incorporate the 2005/2006 year end position.

6.2 The report seeks Members approval for identified additional expenditure within Education and the source of funding thereon.

7. Recommendations

7.1 Members are asked to approve:

- (a) The updated capital plan as outlined in appendices I, II and III.
- (b) The additional expenditure (appendix IV), summarised at 3.7 above.
- (c) The source of resources for the additional expenditure as identified at 3.7 above.

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Background Papers: Listing of expected capital receipts
2005/06 final outturn report (Capital – General Services)
Council report on Capital spend 2006/07 – February 2006

Wards Affected: All wards affected.