

AGENDA ITEM:

OVERVIEW AND SCRUTINY BOARD

9 AUGUST 2005

2004/2005 4th Quarter Capital Budget Out-turn

PURPOSE OF THE REPORT

1. To present an update of the fourth quarter Capital Outturn for 2004/05.

BACKGROUND AND CONSULTATION

2. The current three years capital programme - 2004/05 to 2006/07 was agreed by Members on the 27th April 2004. This included new starts identified through the project appraisal process.
3. A review of capital expenditure is considered alongside revenue expenditure as part of the quarterly budget clinic process.

CHANGES IN PROJECT COSTS

4. The main changes from the last report are summarised below: -

	2004/2005 £`000s	2005/2006 £`000s	2006/2007 £`000s	Total £`000s
Slippage	-1,765	1,765	0	0
Re-phasing of capital provisions	-7,206	7,206	0	0
Reduced Capital Expenditure	-612	0	0	-612

5. The level of slippage, within the overall programme is continuing to reduce and represents approximately 2.6% of the overall gross programme. Key grant funded programmes including, Neighbourhood Renewal Funding (NRF), Single Regeneration Budget (SRB) and Single Programme Funding have met government required `grant targets`.
6. In addition to project slippage, the following capital provisions have been re-phased: -
 - a. Town Hall re-development. Following completion of the maintenance works to the Clock Tower; the balance of the approved Town Hall re-development provision has been re-phased for future works.
 - b. Equal pay provision. The balance of the £10m provision has been re-phased to reflect the current position in respect of actual payments and potential future tax liabilities.
 - c. Social Services, `Older person` Change programme. The capital provision has been re-phased to reflect the current position in respect of securing the future provision for the service.
7. Appendix A provides a detailed analysis of the slippage on a project-by-project basis.
8. Capital expenditure has been maintained within the overall Capital programme allocations. Appendix B details the variances between estimated capital cost and actual cost. The net overall position is that there is a net reduction of £612k on the call on capital resources. This is due partly to alternative finance being available (revenue and grant contributions), but also project management initiatives that have maintained actual spend within agreed resources.
9. The capital programme has been updated to reflect: -
 - a. the 4th Quarters budget clinics,
 - b. an assessment of available resources; and
 - c. a review of capital provisions.
10. It is currently estimated that approximately £3m will be available for new capital starts. Services have submitted proposals for new schemes which have now been appraised in accordance with the agreed capital assessment criteria. A further report will be issued to CMT that considers the prioritisation of schemes against the agreed criteria and the level of available capital resources.

RECOMMENDATIONS

11. It is recommended that Overview and Scrutiny Board note and consider the contents of the report and the attached appendices:

REASONS

12. The capital programme needs to be updated for known variations including slippage within the programme and changes in expenditure and resources.
13. To allow the council to determine its capital priorities and approve amendments to its capital plan on a regular basis.

BACKGROUND PAPERS:

Reports to Executive:

1. Assets In Middlesbrough, July 2003, Capital Strategy
2. Prudential Indicators 2004/05 Report to Executive 2 March 2004
3. Capital Programme 2004/05 TO 2006/07 to Executive on 27th April 2004
4. Capital Budget monitoring reports.

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