

REPORT TO: FINANCE COMMITTEE - 14 MARCH 2005

REPORT ON: CAPITAL EXPENDITURE MONITORING 2004/05

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 154-2005

1 PURPOSE OF REPORT

1.1 To appraise Elected Members of the latest position regarding the Council's Capital Expenditure programme for 2004/05.

2 RECOMMENDATION

2.1 It is recommended that the Committee note the latest position regarding the Council's Capital Expenditure programme for 2004/05.

3 FINANCIAL IMPLICATIONS

3.1 This report shows the spend on capital projects to 31 January 2005 compared with the latest outturn on capital expenditure for 2004/05. The spend to 31 January 2005 is £19.537m which is 56% of the projected capital expenditure in 2004/05 of £34.868m.

3.2 The Council's Capital Expenditure in 2004/05 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 2004/05 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 Special Policy & Resources Committee, at its meeting on 19 January 2004 approved the 2004/05 Capital Budget for General Services and Housing HRA as part of the Capital Plan 2003-2007 (Report No 27-2004). Housing HRA revised their 2004/05 Capital Programme to take account of 2003/04 actual outturns. This report was approved at Policy & Resources Committee on 14 June 2004 (Report No 408-2004).

6.2 From 1 April 2004, S94 capital consents have been replaced by the Prudential Code for Capital Finance.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.

6.3 The Capital Expenditure included in the 2004/05 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 2004/05 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 2005. The Appendix is split between Housing - HRA and all other sections.

8 ALL DEPARTMENTS EXCLUDING HOUSING HRA

- 8.1 The latest projection of capital expenditure of £34.868m is £760,000 lower than the original capital budget of £35.628m. The main reasons for this are:-
- i Additional expenditure of £2.300m on an Economic Development interest bearing loan.
 - ii Additional expenditure of £169,000 on various projects where there was slippage on them as at 31 March 2004. The additional expenditure was partially offset by an Insurance receipt that was to be received by 31 March 2004 but was not received until beginning of April.
 - iii Additional expenditure of £428,000 and £800,000 on Public Transport Fund. This is being used to finance new bus shelters within the city and will be funded by capital grants from the Scottish Executive.
 - iv Additional expenditure of £199,000 on City Square Heating (Economic Development). This is due to the approved cost being greater than was included in the original capital budget 2004/05.
 - v Additional expenditure of £232,000 on Contaminated Land and Air Quality Monitoring Equipment (Environmental Health/Trading Standards and Scientific Services). This expenditure has slipped from 2003/04.
 - vi Additional expenditure of £535,000 on Housing Non-HRA. The figure included within the original budget was an estimate based on previous years allocations. This additional expenditure will be funded by an increased capital grant from Communities Scotland.
 - vii Additional expenditure of £440,000 on cleaning up Contaminated Land at Dens Metal and Unit 23 Kilspindie Road (Environmental Health/Trading Standards/ Scientific Services). This expenditure will be funded by a capital grant from the Scottish Executive.
 - viii Additional expenditure of £770,000 on the purchase of Scottish Water building (Economic Development). This expenditure will be funded from additional capital receipts (£400,000) with the remainder being met from virements within the department.
 - ix Reduction in expenditure of £1,953,000 on Forthill Primary School (Education). This is as a result of the timescale for the works changing from when the budget for 2004/05 was originally approved. This expenditure will move into 2005/06.

- x Reduction in expenditure of £446,000 on replacement offices for Kirkton/Balmerino sites (Social Work). This is as a result of the expected completion date shifting from March 2005 to April 2005.
- xi Reduction in expenditure of £407,000 on the Community Regeneration of Ardler Capital Budget. The reduction in expenditure is mainly due to slippage on Ardler Neighbourhood Improvements and Macalpine Road Shops Phase 2. This expenditure will move into 2005/06.
- xii Reduction in expenditure of £884,000 on Cities Growth Fund (Chief Executive) due to delays on the project. This expenditure will slip into 2005/06.
- xiii Reduction in expenditure of £125,000 on Multi Storey Car Park (Planning & Transportation). This is as a result of delays in agreeing the design and specification for the Car Park. This expenditure will move into 2005/06.
- xiv Reduction in expenditure of £195,000 on Charleston NC (Communities). There has been delays on this project and it is now due to start on-site in 2005/06.
- xv Reduction in expenditure of £231,000 on Minor Works Programme (Social Work). These monies will require be carried forward into 2005/06.
- xvi Reduction in expenditure of £239,000 on Menzieshill House Refurbishment (Social Work) due to a slight delay in the project. This money will move into 2005/06.
- xvii Reduction in expenditure of £200,000 on Tayside House Replacement - Fees (Economic Development). This expenditure is being deferred into future years.
- xviii The balance is due to various projects within departments over or underspending.

8.2 The capital expenditure is funded from various sources including capital receipts and resources borrowing. The latest projection of £34.868m is £760,000 lower than the original capital budget figure of £35.628m. The main reasons for this are:-

- i Additional capital grants of £1.359m to cover expenditure including that mentioned in 8.1(iii), (vi) and (vii) for Public Transport Fund, Housing Non-HRA and Environmental Health etc.
- ii Reduction in capital receipts, £705,000, required to fund expenditure in 2004/05 due to slippage on projects.
- iii Reduction in transfer of resources of £315,000 from Renewal & Repair Fund to fund capital expenditure due to slippage on the capital projects. These monies will require to be used in 2005/06.

9 HOUSING HRA

9.1 The latest projection of capital expenditure of £14.733m is £3.297m lower than the approved budget, due to slippage being highlighted within the Heating Replacement programme and two roughcast projects being deferred until 2005/06. Roof Repairs project at Magdalene Kirkton 2nd Phase 8 and 9 has been brought forward from 2005/06.

9.2 The latest projection of capital resources of £14.733m is £978,000 lower than the approved budget due to a reduction in expenditure funded from borrowing offset by an increase in Net Asset sales.

9.3 Based on the latest estimates, capital expenditure is now projected at 100% of capital resources.

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
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4 MARCH 2005

DUNDEE CITY COUNCIL - CAPITAL EXPENDITURE MONITORING 2004/05

<u>DEPARTMENT/SERVICE</u>	<u>Approved Capital Budget 2004/05 £000</u>	<u>Adjustments/ Virements £000</u>	<u>Revised Capital Budget 2004/05 £000</u>	<u>Actual Spend to 31 Dec 2004 £000</u>	<u>Actual Spend to 31 Jan 2005 £000</u>	<u>Projected Outturn 2004/05 £000</u>	<u>Spend as a % of Projected Outturn %</u>
<u>SUBJECT TO SINGLE SCOTTISH OFFICE ALLOCATION</u>							
<u>Capital Expenditure 2004/05</u>							
Education	4,922	(2,612)	2,310	2,155	2,273	2,310	98
Social Work	7,500	(776)	6,724	3,603	4,138	6,724	62
Planning & Transportation	2,662	332	2,994	1,098	1,500	2,932	51
Leisure & Arts	2,247	(133)	2,114	437	633	2,114	30
Communities	1,263	(65)	1,198	1,015	1,056	1,198	88
Economic Development	3,535	2,589	6,124	4,184	4,227	6,124	69
Waste Management	1,320	(41)	1,279	517	609	1,279	48
Environmental Health/Trading Standards/Scientific Services	237	621	858	61	61	710	9
Chief Executive/Support Services	5,589	(1,450)	4,139	907	1,427	3,778	38
Finance	16	-	16	16	16	16	100
Dundee Contract Services - Client	50	19	69	20	20	69	29
Housing (Non-HRA)	1,475	291	1,766	861	962	1,766	54
Dundee Airport	620	(31)	589	248	305	589	52
Public Transport Fund	3,615	1,228	4,843	1,897	2,615	4,843	54
Community Regeneration	577	(161)	416	(311)	(305)	416	(73)
Capital Expenditure 2004/05	35,628	(189)	35,439	16,708	19,537	34,868	56
<u>Capital Resources 2004/05</u>							
Expenditure Funded from Borrowing	18,509	(284)	18,225			17,936	
Capital Grants:							
Cycling, Walking & Safer Streets	236		236			236	
School Estate Strategy	1,952		1,952			1,952	
Contaminated Land	142		142			10	
Air Quality Monitoring	-	40	40			40	
Private Sector Housing Grant	1,475	291	1,766			1,766	
Derelict Land Fund	2,000		2,000			1,850	
Cities Growth Fund	1,930	(884)	1,046			1,046	
20mph Speed Limit Around Schools	331		331			331	
Bringing Confidence into Public Transport	231		231			231	
Smart Bus	3,384		3,384			3,384	
Public Transport Projects		428	428			428	
Contaminated Land - Dens Rd & Kilspindie		440	440			440	
Public Transport Projects		800	800			800	
Transfer Resources from Renewal & Repair Fund to fund Capital Expenditure	1,763	(315)	1,448			1,448	
Transfer Capital Expenditure to CFCR	170		170			170	
Capital Receipts:							
ERDF/Contributions	60		60	31	45	60	
Net Asset Sales	3,445	(705)	2,740	1,547	1,563	2,740	

Capital Resources 2004/05

35,628	(189)	35,439
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34,868

Capital Expenditure as a %age of Capital Resources

100%

100%

100%

DUNDEE CITY COUNCIL - CAPITAL EXPENDITURE MONITORING 2004/05

<u>DEPARTMENT/SERVICE</u>	<u>Approved Capital Budget 2004/05 £000</u>	<u>Adjustments/ Virements £000</u>	<u>Revised Capital Budget 2004/05 £000</u>	<u>Actual Spend to 31 Dec 2004 £000</u>	<u>Actual Spend to 31 Jan 2005 £000</u>	<u>Projected Outturn 2004/05 £000</u>	<u>Spend as a % of Projected Outturn %</u>
<u>HOUSING HRA</u>							
<u>Capital Expenditure 2004/05</u>							
Windows for All	177		177	-	-	3	-
Heating for All	11,958		11,958	6,591	7,302	9,758	75
Community Care	1,005		1,005	403	431	820	53
Integrations	50		50	28	28	30	93
Estate Strategies	1,350		1,350	333	309	1,053	29
Roof Repairs/Renewal	1,560		1,560	827	904	1,856	49
Urgent Roof Repairs	740		740	364	407	540	75
Roughcast	845		845	88	107	332	32
Security	295		295	39	39	291	13
Fees & Contingencies	50		50	7	8	50	16
Capital Expenditure 2004/05	18,030		18,030	8,680	9,535	14,733	65
<u>Capital Resources 2004/05</u>							
Expenditure Funded from Borrowing	11,436		11,436			9,344	
Capital Grant: Central Heating Initiative	250		250			193	
Capital Receipts: Net Asset Sales	3,975		3,975	4,043	4,511	4,996	
Loan Repayment Receipts	50		50	141	139	200	
	15,711		15,711	4,184	4,650	14,733	
Capital Expenditure as % of Capital Resources	115%		115%			100%	