

REPORT TO: FINANCE COMMITTEE - 11 MARCH 2002
REPORT ON: CAPITAL EXPENDITURE MONITORING 2001/02
REPORT BY: DIRECTOR OF FINANCE
REPORT NO: 182-2002

1 PURPOSE OF REPORT

- 1.1 To appraise Elected Members of the latest position regarding the Council's Capital Expenditure programme for 2001/02.

2 RECOMMENDATION

- 2.1 It is recommended that the Committee note the latest position regarding the Council's Capital Expenditure programme for 2001/02.

3 FINANCIAL IMPLICATIONS

- 3.1 This report shows the spend on capital projects to 31 January 2002 compared with the latest outturn on capital expenditure for 2001/02. The spend to 31 January 2002 is £8.677m which is 59% of the projected capital expenditure in 2001/02 of £14.629m.
- 3.2 The bulk of the Council's Capital Expenditure in 2001/02 will be financed by borrowing and, as such, will result in Finance 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 2001/02 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 18 June 2001 approved the 2001/02 Capital Budget for Housing HRA (Report No 342-2001) and the 2001/02 Capital Budget for General Services (Report No 353-2001).

7 CURRENT POSITION

- 7.1 The Director of Finance and the City Architectural Services Officer, in conjunction with the other Chief Officers of the Council, are closely monitoring the 2001/02 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 2002. The Appendix is split into four separate sections, viz:

Section A

Those departments/services which are subject to the single Scottish Executive Capital Allocation.

Section B

Those departments/services which are subject to specific Scottish Executive Capital Allocations.

Section C

Those departments/services which are subject to the Scottish Executive Housing HRA Capital Allocation.

Section D

Projected Expenditure and Resources for financing the New Housing Partnership (Regeneration of Ardler).

8 DEPARTMENTS/SERVICES SUBJECT TO SINGLE SCOTTISH EXECUTIVE CAPITAL ALLOCATION

- 8.1 The latest projection of capital expenditure of £14.629m is £2.912m higher than the approved capital budget of £11.717m. The main reasons for this are:-
- i Underspend on Caird Hall (Arts & Heritage) £295,000 - the replacement of Seating £270,000 and Caird Hall Improvements £25,000 will not be required in 2001/02. These projects are being deferred until 2002/03 to allow possible sources of external funding to be pursued.
 - ii Underspend within Economic Development capital being: Estates Servicing - Claverhouse East - £250,000, Emmock Woods - £250,000, Loans & Grants - £50,000 and Business Support £50,000.
 - iii Underspend within Leisure & Parks capital on Baxter Park - £62,000. This saving will be carried forward into future years to fund revised phasing of expenditure.
 - iv Saving of £95,000 on Dundee Rep Loan (Arts & Heritage). This loan will not now require to be made to Dundee Rep.
 - v Underspend within Education of £84,000. This saving is on general maintenance and improvements of properties.
 - vi Underspend within Planning & Transportation Capital on North East Arterial - £110,000 due to delays in progressing this project. This expenditure will slip into future years.
 - vii Additional expenditure within Education of £321,000. Scottish Executive has awarded additional capital consent for School Buildings Improvements.
 - viii Additional expenditure within Education of £114,000. This additional expenditure relates to the installation of Cavity Barriers in roof spaces and large ducts.
 - ix Additional expenditure of £677,000 on the acquisition of a business property (Economic Development).
 - x Additional expenditure on Loans (Economic Development) of £400,000. This is a loan to Dovetail Enterprises which was approved by the Economic Development Committee on 18 December 2000 and is being funded from additional capital receipts.

- xii Additional expenditure of £1.350m on Refurbishment of Friarfield House (Social Work). This expenditure will be funded from the transfer of £1m S94 consent from another local authority (which will require to be transferred back to them in 2002/03).
- xiii Additional expenditure of £82,000 on Cycling, Walking and Safer Streets (Planning & Transportation). Scottish Executive awarded additional capital consent for Cycling, Walking and Safer Streets.
- xiiii Additional expenditure on major redevelopment of Marchbanks Cleansing Depot to reduce health and safety hazards and provide a safe working environment (Environmental & Consumer Protection) - £1.300m. The Scottish Executive has awarded additional consent to cover these works which were previously going to be financed from CFCR.

8.2 The latest projection of capital resources of £14.629m is £3.732m greater than the original budget estimate of £10.897m. The main reasons for this are:

- i Supplementary Capital consent from Scottish Executive for Air Quality Monitoring Equipment £50,000 (Environmental & Consumer Protection).
- ii Supplementary Capital consent from Scottish Executive for School Buildings Improvements of £321,000. Education's capital budget has increased by the corresponding amount.
- iii Supplementary Capital consent from Scottish Executive for Elms Close Support Unit of £150,000 (Social Work). Social Work's capital budget already includes this expenditure.
- iv Supplementary Capital consent from Scottish Executive for Redevelopment of Marchbanks Depot (Environmental & Consumer Protection) - £1.300m. See 8.1(xiii) above.
- v Transfer of S94 Capital Consent from another local authority - £1.0m. This is to cover capital receipts which are likely to slip into 2002/03. This transfer of consent will be transferred back in 2002/03.
- vi Capital receipts from the sale of the Council's land and buildings has increased by £645,000.
- vii Additional income from repayment of VAT on Repairs Notices - £187,000. This money will be added to Housing Non-HRA Capital programme in 2002/03.
- viii The projected overspend in 2000/01, carried forward into 2001/02, is less than that anticipated when the 2001/02 Capital Budget was prepared. This increased the projected resources in 2001/02 by £165,000.
- ix Reduction in projected income from Insurance Receipts of £66,000 as a result of various costs - eg security, demolition costs requiring to be netted off the capital receipt.

8.3 Based on latest projections the 2001/02 capital expenditure is now projected at 100% of projected capital resources.

9 DEPARTMENTS/SERVICES SUBJECT TO SPECIFIC SCOTTISH EXECUTIVE ALLOCATIONS

- 9.1 Capital expenditure on these services is subject to specific "ring-fenced" capital allocations, which are issued on a project by project basis by the Scottish Executive following approval by the appropriate Government Department. Based on latest estimates, expenditure is projected to be within the budget provision for the Public Transport Fund and Dundee Airport.

10 DEPARTMENTS/SERVICES SUBJECT TO SCOTTISH EXECUTIVE HOUSING HRA ALLOCATION

- 10.1 The latest projection of capital expenditure of £9.553m is £1.065m lower than the original budget, due to anticipated slippage in MSD Fabric/Estate Strategies, Security and Rewiring Programme and tenders coming in lower than anticipated.
- 10.2 The latest projection of capital resources of £9.553m is £320,000 higher than the original budget due to receipts from Council House sales being slightly higher than anticipated and carry forward of underspend from 2000/01 into 2001/02, being greater than predicted.
- 10.3 Based on the latest projections, capital expenditure is now projected at 100% of projected capital resources.

11 NEW HOUSING PARTNERSHIP (ARDLER REGENERATION PROGRAMME 2001/02)

- 11.1 The latest projection of gross capital expenditure is £1.987m. This expenditure will be financed from Capital Receipts such as ERDF, SET, Scottish Homes and sale of assets. Effective monitoring controls should ensure that there is no deficit on the whole programme at the year end.

12 CONSULTATION

- 12.1 The Director of Housing and Director of Support Services have been consulted in the preparation of this report.

**DAVID K DORWARD
DIRECTOR OF FINANCE**

BACKGROUND PAPERS

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

DUNDEE CITY COUNCIL

CAPITAL EXPENDITURE MONITORING 2001/02

<u>DEPARTMENT / SERVICE</u>	<u>Approved Capital Estimates 2001/02 £000</u>	<u>Revised Capital Estimates 2001/02 £000</u>	<u>Actual Spend to 31-Dec-01 £000</u>	<u>Actual Spend to 31-Jan-02 £000</u>	<u>Projected Outturn 2001/02 £000</u>	<u>Spend as a % of Projected Outturn %</u>
A. <u>SUBJECT TO SINGLE SCOTTISH OFFICE ALLOCATION</u>						
<u>Capital Expenditure 2001/02</u>						
Education	1,818	2,304	1,070	1,152	2,134	54
Social Work	1,349	2,714	1,172	1,332	2,714	49
Planning & Transportation	1,787	1,854	668	858	1,740	49
Leisure & Parks	1,456	1,456	608	690	1,342	51
Neighbourhood Resources	881	881	223	355	881	40
Arts	504	504	17	18	67	27
Economic Development	1,728	3,045	1,010	1,449	2,509	58
Environment & Consumer Protection	570	1,870	1,224	1,455	1,823	80
Chief Executive	340	200			100	0
Joint Boards/Committees	7	7		7	7	100
Housing (Non-HRA)	1,277	1,312	1,208	1,361	1,312	104
Capital Expenditure 2001/02	11,717	16,147	7,200	8,677	14,629	59
<u>Capital Resources 2001/02</u>						
Carry Forward from 2000/2001	(199)					
Single Capital Allocation	9,286	9,286			9,286	
Supplementary Consent - Cycling, Walking & Safer Streets	82	82			82	
Supplementary Consent - Air Quality Monitoring		50			50	
Supplementary Consent - School Building Programme		321			321	
Supplementary Consent - Elms Close Support Unit		150			150	
Supplementary Consent - Marchbanks Depot		1,300			1,300	
Transfer of S 94 Consent					1,000	
Capital Receipts						
ERDF/Contributions (£283k plus £34k c/f trans to NHP)	150	116	3	3	283	
Insurance Receipts	199	199	133	133	133	
Net Asset Sales (£2.174m less pre-sale exp £150k)	1,379	3,921	458	458	2,024	
Capital Resources 2001/02	10,897	15,425	594	594	14,629	
Capital Expenditure as % of Capital Resources	108%	105%			100%	
B. <u>SUBJECT TO SPECIFIC SCOTTISH OFFICE ALLOCATIONS</u>						
<u>Capital Expenditure 2001/02</u>						
Public Transport Fund (Planning & Transportation)	842	842	532	545	842	63
Dundee Airport (Economic Development)	715	715	374	430	715	52
	1,557	1,557	906	975	1,557	58
<u>Capital Resources 2001/02</u>						
Specific Capital Allocations	1,557	1,557			1,557	
Capital Expenditure as % of Capital Resources	100%	100%			100%	

DUNDEE CITY COUNCIL**CAPITAL EXPENDITURE MONITORING 2001/02**

DEPARTMENT / SERVICE	Approved	Revised				Spend as
	Capital	Capital	Actual	Actual	Projected	a % of
	Estimates	Estimates	Spend to	Spend to	Outturn	Projected
	2001/02	2001/02	31-Dec-01	31-Jan-02	2001/02	Outturn
	£000	£000	£000	£000	£000	%
C. <u>SUBJECT TO SCOTTISH OFFICE HOUSING HRA ALLOCATION</u>						
<u>Capital Expenditure 2001/02</u>						
Housing HRA	10,618	10,618	5,099	5,872	9,553	
<u>Capital Resources 2001/02</u>						
Carry Forward from 2000/2001	0	158			158	
Single Capital Allocation	8,436	8,436			8,436	
Useable Capital	797	797			959	
Receipts						
	9,233	9,391			9,553	
Capital Expenditure as % of Capital Resources	115%	113%			100%	
D. <u>NEW HOUSING PARTNERSHIP (ARDLER REGENERATION PROGRAMME 2001/02)</u>						
<u>Capital Expenditure 2001/02</u>						
Expenditure Funded from Capital Receipts	2,047	2,125	1,593	1,615	1,987	
	2,047	2,125	1,593	1,615	1,987	
<u>Capital Resources 2001/02</u>						
<u>Capital Receipts</u>						
Carry Forward Unutilised Receipts 2000/01 & transfer of Receipts	305	305	305	305	305	
ERDF	109	109	110	110	331	
SET	175	175	75	75	175	
Scottish Homes	620	620	292	292	292	
Sale of Assets	1,898	1,848	649	649	999	
	3,107	3,057	1,431	1,431	2,102	
Capital Expenditure as % of Capital Resources	66%	70%			95%	