

**REPORT TO: FINANCE COMMITTEE - 10 MARCH 2003**  
**REPORT ON: CAPITAL EXPENDITURE MONITORING 2002/03**  
**REPORT BY: DIRECTOR OF FINANCE**  
**REPORT NO: 198-2003**

**1 PURPOSE OF REPORT**

- 1.1 To appraise Elected Members of the latest position regarding the Council's Capital Expenditure programme for 2002/03.

**2 RECOMMENDATION**

- 2.1 It is recommended that the Committee note the latest position regarding the Council's Capital Expenditure programme for 2002/03.

**3 FINANCIAL IMPLICATIONS**

- 3.1 This report shows the spend on capital projects to 31 January 2003 compared with the latest outturn on capital expenditure for 2002/03. The spend to 31 January 2003 is £8.058m which is 62% of the projected capital expenditure in 2002/03 of £13.080m.

- 3.2 The bulk of the Council's Capital Expenditure in 2002/03 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 2002/03 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 Policy & Resources Committee, at its meeting on 13 May 2002 approved the 2002/03 Capital Budget for General Services (Report No 329-2002). The Policy and Resources Committee, at its meeting on 10 June 2002, approved the 2002/03 Capital Budget for Housing HRA (Report No 471-2002).

**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 2002/03 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 2003. 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 £13.080m is £1.016m higher than the approved capital budget of £12.064m. The main reasons for this are:-

- i Additional expenditure on demolition costs at Linlathen High School (Education) of £153,000.
- ii Additional expenditure on Friarfield House (Social Work) of £370,000. This is as a result of slippage on the project at the end of last financial year 2001/02 and as a consequence expenditure which was budgeted for in 2001/02 has been incurred in 2002/03.
- iii Scottish Executive has awarded Supplementary Consent of £43,000 for Air Quality Monitoring and £142,000 for Contaminated Land (both Environmental & Consumer Protection), which increases expenditure.
- iv Additional expenditure of £225,000 on a new depot at Gellatly Street for Environmental & Consumer Protection employees to replace their current depot at Foundry Lane, which is being sold for a new retail development.
- v Additional Expenditure of £42,000 on the demolition of St Mary's Centre, (Neighbourhood Resources), as the site is currently subject to vandalism on a regular basis. The cleared site will hopefully generate a future capital receipt.
- vi Additional expenditure of £265,000 in 2002/03 on the refurbishment of East Port House (Social Work) to accommodate the transfer of the Criminal Justice Teams from Friarfield House (to accommodate the Drug Treatment and Testing service). Additional S94 consent has been issued by the Scottish Executive to cover this expenditure.
- vii Additional expenditure of £3.9m on the reinstatement of Morgan Academy as a result of the fire last year. It is estimated that the Council should receive approximately £3.5m in Insurance Receipts during 2002/03, leaving £400,000 cash shortfall. This is purely a cashflow issue and the £400,000 will be recovered by insurance receipts in 2003/04.
- viii Additional expenditure of £150,000 on Upgrading Science and Home Economic Classrooms in Schools (Education). Two Science classrooms in Baldragon Academy and one in Craigie High School and Menzieshill High School, are going to be upgraded at a cost of £160,000. The remaining £10,000 can be found from within Education's Capital Programme 2002/03 and 2003/04.

- ix Reduction in expenditure of £200,000 as result of slippage on the Central Library Heating Ph3 (Neighbourhood Resources). This expenditure will slip into 2003/04.
- x Reduction in expenditure of £136,000 for Meals on Wheels (Chief Executive). This expenditure is now no longer required as the refurbishment is going to be carried out by Dundee City Developments.
- xi Reduction in expenditure of £79,000 on the Baldovie Redevelopment (Environmental & Consumer Protection).
- xii Reduction in expenditure of £100,000 for Road Improvements (Planning and Transportation) due to the work not being able to proceed this financial year.

8.2 The latest projection of capital resources of £12.510m is £1.266m higher than the original budget estimate of £11.244m. The main reasons for this are:

- i Additional S94 Consents issued by Scottish Executive, for School Building improvements - £715,000, Air Quality Monitoring - £43,000 and Contaminated Land - £142,000.
- ii Additional S94 Consent issued by Scottish Executive for the Refurbishment of East Port House - £446,000.
- iii Additional S94 consent issued by Scottish Executive for Contaminated Land at former Baldovie Incinerator and Dens Metal Foundry of £215,000.
- iv Increased resources of £291,000 as a result of a transfer of resources from New Housing Partnership, due to there being an overspend on New Housing Partnership in 2001/02, which required a transfer of resources from General Services. This is transferred back in 2002/03.
- v Increased resources of £100,000 as a result of corporate contribution from a developer being received this year, but the associated budgeted expenditure not now required until future years.
- vi Reduction in net asset sales of £100,000 as a result of receipts which were anticipated to be received in 2002/03 slipping into next financial year.
- vii Reduction in capital resources as a result of there being an overspend in allocation in 2001/02 of £167,000, which means there is a corresponding reduction in 2002/03 capital resources of £167,000.
- viii Reduction in capital resources consent as a result of the transfer of £459,000 S94 Capital Consent to Revenue Grant to fund PPP Development costs.

8.3 Based on latest projections the 2002/03 capital expenditure is now projected at 105% of projected capital resources. The Director of Finance is continually monitoring the capital programme to ensure this percentage stays within agreed Scottish Executive limits.

## 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 Dundee Airport.

Additional consent issued by the Scottish Executive for electrical ground power units at Dundee Airport - £35,000.

The Public Transport Fund is currently projecting an underspend of £573,000, as a result of slippage on the project "Bringing Confidence into Public Transport" £500,000 and "North East/West Arterial" £73,000.

## 10 DEPARTMENTS/SERVICES SUBJECT TO SCOTTISH EXECUTIVE HOUSING HRA ALLOCATION

The latest projection of capital expenditure of £11.482m is £1.537m less than the original budget, due to slippage on integration and rewiring/security programmes. The projected capital expenditure includes a transfer of expenditure from planned maintenance, to alleviate the overspend on revenue.

- 10.1 The latest projection of capital resources of £12.086m is £765,000 higher than the original budget due to-
- i Additional resources due to there being an underspend of £191,000 on allocation in 2001/02 which was not anticipated when the budget was prepared.
  - ii Additional S94 Consent for Central Heating initiative which is greater than anticipated when budgeted resources were being prepared.
  - iii Increase in usable capital receipts of £117,000 due to increase in number of Council houses sold.
- 10.3 Based on the latest projections, capital expenditure is now projected at 95% of projected capital resources.

## 11 NEW HOUSING PARTNERSHIP (ARDLER REGENERATION PROGRAMME 2002/03)

- 11.1 The latest projection of gross capital expenditure is £656,000. This expenditure will be financed from S94 Capital Allocation for the Stock Transfer and Capital Receipts such as ERDF, SET, Scottish Homes and sale of assets.

## 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**

**17 FEBRUARY 2003**

## 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 2002/03**

<u>DEPARTMENT/SERVICE</u>	<u>Approved Capital Estimates 2002/03</u> <u>£000</u>	<u>Supplementary Consents/Virements</u> <u>£000</u>	<u>Revised Capital Estimates 2002/03</u> <u>£000</u>	<u>Actual Spend to 31 December 2002</u> <u>£000</u>	<u>Actual Spend to 31 January 2003</u> <u>£000</u>	<u>Projected Outturn 2002/03</u> <u>£000</u>	<u>Spend as a % of Projected Outturn</u> <u>%</u>
<b>A <u>SUBJECT TO SINGLE SCOTTISH OFFICE ALLOCATION</u></b>							
<b><u>Capital Expenditure 2002/03</u></b>							
Education	1,835	1,300	3,135	2,726	3,320	2,581	129
Social Work	1,100	810	1,910	662	795	1,672	48
Planning & Transportation	2,319	(20)	2,299	676	772	2,199	35
Leisure & Arts	1,405	29	1,434	705	737	1,397	53
Neighbourhood Resources	661	53	714	120	180	514	35
Economic Development	1,525	58	1,583	355	685	1,452	47
Environment & Consumer Protection	971	410	1,381	443	534	1,302	41
Chief Executive	597	(109)	488	141	145	312	46
Joint Boards/Committees	4		4	4	4	4	100
Housing (Non-HRA)	1,647		1,647	822	886	1,647	54
<b>Capital Expenditure 2002/03</b>	<b>12,064</b>	<b>2,531</b>	<b>14,595</b>	<b>6,654</b>	<b>8,058</b>	<b>13,080</b>	<b>62</b>
<b><u>Capital Resources 2002/03</u></b>							
Carry Forward from 2001/2002		(167)	(167)	(167)	(167)	(167)	
Single Capital Allocation	8,489		8,489	8,489	8,489	8,489	
Supplementary Consent - Cycling, Walking & Safer Streets	105	20	125	125	125	125	
Supplementary Consent - School Building Improvements		715	715	715	715	715	
Supplementary Consent - Air Quality Monitoring		43	43	43	43	43	
Supplementary Consent - Contaminated Land		142	142	142	142	142	
Supplementary Consent - East Port House Refurbishment		446	446	446	446	446	
Supplementary Consent - Baldovie/Dens Road		215	215	215	215	215	
Transfer of S94 Consent	(1,000)		(1,000)	1,000	(1,000)	(1,000)	
Transfer of S94 Consent to Revenue - PPP		(459)	(459)	(459)	459	(459)	
<b>Capital Receipts</b>							
Transfer Receipts from NHP to cover o/s in 2001/02		291	291	291	291	291	
ERDF/Contributions (incl DIA) + P&T contribution £100k	100	20	120	137	117	220	
Net Asset Sales (net pre-sale expenditure)	3,550		3,550	2,542	2,025	3,450	
<b>Capital Resources 2002/03</b>	<b>11,244</b>	<b>2,266</b>	<b>13,510</b>	<b>12,519</b>	<b>11,982</b>	<b>12,510</b>	
<b>Estimated Projected Overspend</b>	<b>107%</b>		<b>108%</b>			<b>105%</b>	
<b>B <u>SUBJECT TO SPECIFIC SCOTTISH OFFICE ALLOCATIONS</u></b>							
<b><u>Capital Expenditure 2002/03</u></b>							
Public Transport Fund (Planning & Transportation)	2,171		2,171	795	1,194	1,598	75
Dundee Airport (Economic Development)	993	35	1,028	781	800	1,028	78
	<b>3,164</b>	<b>35</b>	<b>3,199</b>	<b>1,576</b>	<b>1,994</b>	<b>2,626</b>	<b>76</b>
<b><u>Capital Resources 2002/03</u></b>							
Specific Capital Allocations	<b>3,164</b>	<b>35</b>	<b>3,199</b>			<b>3,199</b>	



**DUNDEE CITY COUNCIL - CAPITAL EXPENDITURE MONITORING 2002/03**

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<b>C</b>	<b><u>SUBJECT TO SCOTTISH OFFICE HOUSING HRA ALLOCATION</u></b>						
<b>Capital Expenditure 2002/03</b>							
Windows for All	316		316	146	146	198	74
Heating for All - DCC Funding	4,096		4,096	2,290	2,705	3,386	80
Heating for All - Scottish Executive Funding	3,568		3,568	2,674	2,766	3,925	70
Community Care	670		670	281	306	403	76
Estate Strategies	1,165		1,165	498	508	805	63
Rewire/Security	1,026		1,026	80	126	460	27
Roof Repairs/Renewal	1,683		1,683	731	817	1,913	43
MSD Fabric	495		495	165	270	392	69
<b>Capital Expenditure 2002/03</b>	<b>13,019</b>		<b>13,019</b>	<b>6,865</b>	<b>7,644</b>	<b>11,482</b>	<b>67</b>
<b>Capital Resources 2002/03</b>							
Carry Forward from 2001/2002			191			191	
Single Capital Allocation	8,436		8,436			8,436	
Central Heating Initiative - S94 Consent	1,900		2,622			2,357	
Useable Capital Receipts	985		985			1,102	
	<b>11,321</b>		<b>12,234</b>			<b>12,086</b>	
<b>Capital Expenditure as % of Capital Resources</b>	<b>115%</b>		<b>106%</b>			<b>95%</b>	
<b>D</b>	<b><u>NEW HOUSING PARTNERSHIP (ARDLER REGENERATION PROGRAMME 2002/03)</u></b>						
<b>Capital Expenditure 2002/03</b>							
Expenditure Funded from S94 Consent	290		290	50	55	200	28
Expenditure Funded from Capital Receipts	770		770	196	203	456	45
	<b>1,060</b>		<b>1,060</b>	<b>246</b>	<b>258</b>	<b>656</b>	<b>39</b>
<b>Capital Resources 2001/02</b>							
S94 Consent	290		290			290	
<b>Capital Receipts</b>							
ERDF	325		325	407	467	407	
SET	75		75	75	75	75	
Scottish Homes	328		328			-	
Sale of Assets	1,212		1,212	1,212	1,212	1,212	
	<b>1,940</b>		<b>1,940</b>	<b>1,694</b>	<b>1,754</b>	<b>1,694</b>	
<b>Capital Expenditure as % of Capital Resources</b>	<b>55%</b>		<b>55%</b>			<b>39%</b>	