

**REPORT TO: FINANCE COMMITTEE - 18 AUGUST 2003**  
**REPORT ON: CAPITAL EXPENDITURE MONITORING 2003/04**  
**REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)**  
**REPORT NO: 492-2003**

**1 PURPOSE OF REPORT**

- 1.1 To appraise Elected Members of the latest position regarding the Council's Capital Expenditure programme for 2003/04.

**2 RECOMMENDATION**

- 2.1 It is recommended that the Committee note the latest position regarding the Council's Capital Expenditure programme for 2003/04.

**3 FINANCIAL IMPLICATIONS**

- 3.1 This report shows the spend on capital projects to 30 June 2003 compared with the latest outturn on capital expenditure for 2003/04. The spend to 30 June 2003 is £1.848m which is 13% of the projected capital expenditure in 2003/04 of £13.758m.
- 3.2 The bulk of the Council's Capital Expenditure in 2003/04 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 2003/04 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 10 March 2003 approved the 2003/04 Capital Plan for General Services & Housing HRA (Report No 238-2003).

**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 2003/04 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 30 June 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 £13.758m is £1.308m higher than the original capital budget of £12.450m. The main reasons for this are:-

- i Additional expenditure of £250,000 on fees for Non-PPP schools (Education). This will be funded from Scottish Executive additional consent (see 8.2(i) below).
- ii Additional expenditure of £142,000 for Contaminated Land (Environmental & Consumer Protection). This expenditure is funded from Scottish Executive additional consent (see 8.2(i) below).
- iii Additional expenditure of £710,000 on Waterfront Redevelopment (Chief Executive). This expenditure will be funded from Scottish Executive additional consent (see 8.2(i) below)
- iv Additional expenditure of £390,000 on various projects where there was slippage as at 31 March 2003. This additional expenditure will be funded from capital receipts, that also slipped from 2002/03 into 2003/04.
- v Saving of £94,000 on covenant repayment for Grove Academy (Education). This expenditure has been deferred into 2004/05 when all the outstanding debt on the covenant for Grove will require to be repaid. An allowance for this will be included in the draft capital plan 2003-2007.
- vi Saving of £90,000 on Implementation of Verification Framework (Finance). Project now funded from Revenue Budget, where the cost is partly offset by a grant.

8.2 The latest projection of capital resources of £12.948m is £1.673m higher than the original budget estimate of £11.275m. The main reasons for this are:

- i Additional S94 Consents issued by Scottish Executive, for Contaminated Land (Environmental & Consumer Protection) - £142,000, School Estate Strategy (Education) - £934,000 and City Growth Fund (Chief Executive) - £710,000.
- ii Increased resources of £241,000 as a result of the actual overspend at 31 March 2003 being less than was originally anticipated when the capital budget was prepared.
- iii Reduction in net asset sales of £394,000 as a result of capital receipts slipping; into 2004/05.

- 8.3 Based on latest projections the 2003/04 capital expenditure is now projected at 106% of projected capital resources. The Depute Chief Executive (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.

A carry-forward balance of £16,000 has been allocated for the Public Transport Fund.

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

The latest projection of capital expenditure of £11.621m is £1.393m less than the revised budget, due to slippage on Heating for All.

- 10.1 The latest projection of capital resources of £11.827m is £770,000 higher than the original budget due to-

- i Additional resources due to there being an underspend of £206,000 on allocation in 2002/03 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.

- 10.3 Based on the latest projections, capital expenditure is now projected at 98% of projected capital resources.

**11 NEW HOUSING PARTNERSHIP (ARDLER REGENERATION PROGRAMME 2003/04)**

- 11.1 The latest projection of gross capital expenditure is £1.287m. 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 Depute Chief Executive (Support Services) have been consulted in the preparation of this report.

**DAVID K DORWARD  
DEPUTE CHIEF EXECUTIVE (FINANCE)**

**5 AUGUST 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 2003/04**

<u>DEPARTMENT/SERVICE</u>	<u>Approved Capital Estimates 2003/04 £000</u>	<u>Supplementary Consents/ Virements £000</u>	<u>Revised Capital Estimates 2003/04 £000</u>	<u>Actual Spend to 30 June 2003 £000</u>	<u>Projected Outturn 2003/04 £000</u>	<u>Spend as a % of Projected Outturn %</u>
<b>A <u>SUBJECT TO SINGLE SCOTTISH OFFICE ALLOCATION</u></b>						
<b><u>Capital Expenditure 2003/04</u></b>						
Education	2,291	260	2,551	532	2,457	22
Social Work	2,317		2,317	548	2,317	24
Planning & Transportation	2,001		2,001	105	2,001	5
Leisure & Arts	1,208	(28)	1,180	347	1,180	29
Neighbourhood Resources	597	120	717	16	717	2
Economic Development	1,705	227	1,932	19	1,932	1
Environment & Consumer Protection	260	288	548	1	548	-
Chief Executive/Support Services	440	625	1,065		1,065	-
Finance	106		106		16	-
Dundee Contract Services - Client	50		50		50	-
Housing (Non-HRA)	1,475		1,475	280	1,475	19
<b>Capital Expenditure 2003/04</b>	<b>12,450</b>	<b>1,492</b>	<b>13,942</b>	<b>1,848</b>	<b>13,758</b>	<b>13</b>
<b><u>Capital Resources 2003/04</u></b>						
Carry Forward from 2002/2003	(567)	241	(326)		(326)	
Single Capital Allocation	9,413		9,413		9,413	
Supplementary Consent - Cycling, Walking & Safer Streets	218		218		218	
Supplementary Consent - Contaminated Land		142	142		142	
Supplementary Consent - School Estate Strategy		934	934		934	
Supplementary Consent - City Growth Fund		750	750		750	
Transfer of S94 Consent to Revenue - PPP	(789)		(789)		(789)	
<b>Capital Receipts</b>						
ERDF/Contributions	100		100		100	
Net Asset Sales (net pre-sale expenditure)	2,900	(394)	2,506		2,506	
<b>Capital Resources 2003/04</b>	<b>11,275</b>	<b>1,673</b>	<b>12,948</b>		<b>12,948</b>	
<b>Estimated Projected Overspend</b>	<b>110%</b>		<b>108%</b>		<b>106%</b>	
<b>B <u>SUBJECT TO SPECIFIC SCOTTISH OFFICE ALLOCATIONS</u></b>						
<b><u>Capital Expenditure 2003/04</u></b>						
Public Transport Fund (Planning & Transportation) - incl carry forward from 2002/03	3,600	16	3,616	272	3,616	8
Dundee Airport (Economic Development)	602		602	7	602	1
	<b>4,202</b>	<b>16</b>	<b>4,218</b>	<b>279</b>	<b>4,218</b>	<b>7</b>
<b><u>Capital Resources 2003/04</u></b>						
Specific Capital Allocations	<b>4,202</b>	<b>16</b>	<b>4,218</b>		<b>4,218</b>	
Capital Expenditure as % of Capital Resources	100%		100%		100%	

**DUNDEE CITY COUNCIL - CAPITAL EXPENDITURE MONITORING 2003/04**

<u>DEPARTMENT/SERVICE</u>	<u>Approved Capital Estimates 2003/04 £000</u>	<u>Supplementary Consents/ Virements £000</u>	<u>Revised Capital Estimates 2003/04 £000</u>	<u>Actual Spend to 30 June 2003 £000</u>	<u>Projected Outturn 2003/04 £000</u>	<u>Spend as a % of Projected Outturn %</u>
<b>C <u>SUBJECT TO SCOTTISH OFFICE HOUSING HRA ALLOCATION</u></b>						
<b><u>Capital Expenditure 2003/04</u></b>						
Windows for All	-	205	205	-	205	-
Heating for All - DCC Funding	6,854	1,114	7,968	1,310	6,575	20
Heating for All - Scottish Executive Funding	2,649	997	3,646	294	3,646	8
Lease Heating	(1,942)	(81)	(2,023)	-	(2,023)	-
Community Care	415	24	439	61	439	14
Estate Strategies	745	(158)	587	-	587	-
Integrations	90	(9)	81	-	81	-
Roof Repairs/Renewal	2,196	(135)	2,061	272	2,061	13
Fees & Contingencies	50	-	50	-	50	-
<b>Capital Expenditure 2003/04</b>	<b>11,057</b>	<b>1,957</b>	<b>13,014</b>	<b>1,937</b>	<b>11,621</b>	<b>17</b>
<b><u>Capital Resources 2003/04</u></b>						
Carry Forward from 2002/2003	-	206	206	-	206	-
Single Capital Allocation	8,436	-	8,436	-	8,436	-
Central Heating Initiative - S94 Consent	1,783	552	2,335	-	2,335	-
Useable Capital Receipts	838	12	850	-	850	-
	<b>11,057</b>	<b>770</b>	<b>11,827</b>		<b>11,827</b>	
<b>Capital Expenditure as % of Capital Resources</b>	<b>100%</b>		<b>110%</b>		<b>98%</b>	
<b>D <u>NEW HOUSING PARTNERSHIP (ARDLER REGENERATION PROGRAMME 2003/04)</u></b>						
<b><u>Capital Expenditure 2003/04</u></b>						
Expenditure Funded from S94 Consent	270	-	270	8	270	3
Expenditure Funded from Capital Receipts	1,017	-	1,017	2	1,017	-
	<b>1,287</b>		<b>1,287</b>	<b>10</b>	<b>1,287</b>	<b>1</b>
<b><u>Capital Resources 2003/04</u></b>						
S94 Consent	270	-	270	-	270	-
<b><u>Capital Receipts</u></b>						
Sale of Assets - Carry forward from 2002/03	-	1,440	1,440	-	1,440	-
ERDF	135	-	135	-	135	-
SET	220	-	220	-	220	-
	<b>355</b>	<b>1,440</b>	<b>1,795</b>	<b>-</b>	<b>1,795</b>	
<b>Capital Expenditure as % of Capital Resources</b>	<b>363%</b>		<b>72%</b>		<b>72%</b>	