

**REPORT TO: FINANCE COMMITTEE - 14 FEBRUARY 2005**  
**REPORT ON: CAPITAL EXPENDITURE MONITORING 2004/05**  
**REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)**  
**REPORT NO: 67-2005**

**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 December 2004 compared with the latest outturn on capital expenditure for 2004/05. The spend to 31 December 2004 is £16.708m which is 47% of the projected capital expenditure in 2004/05 of £35.704m.
- 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- 6.2 From 1 April 2004, S94 capital consents have been replaced by the Prudential Code for Capital Finance.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 December 2004. 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 £35.704m is £76,000 higher 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 £170,000 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 £35.704m is £76,000 higher 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, £675,000, 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 £15.895m is £2.135m 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 £16.630m is £919,000 higher than the approved budget due to an increase in Net Asset Sales.
- 9.3 Based on the latest estimates, capital expenditure is now projected at 96% 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**  
**DEPUTE CHIEF EXECUTIVE (FINANCE)**

**3 FEBRUARY 2005**

**DUNDEE CITY COUNCIL - CAPITAL EXPENDITURE MONITORING 2004/05**

<u>DEPARTMENT/SERVICE</u>	<u>Approved</u> <u>Capital</u> <u>Budget</u> <u>2004/05</u> <u>£000</u>	<u>Adjustments/</u> <u>Virements</u> <u>£000</u>	<u>Revised</u> <u>Capital</u> <u>Budget</u> <u>2004/05</u> <u>£000</u>	<u>Actual</u> <u>Spend to</u> <u>30 Nov 2004</u> <u>£000</u>	<u>Actual</u> <u>Spend to</u> <u>31 Dec 2004</u> <u>£000</u>	<u>Projected</u> <u>Outturn</u> <u>2004/05</u> <u>£000</u>	<u>Spend as</u> <u>a % of</u> <u>Projected</u> <u>Outturn</u> <u>%</u>
<b><u>SUBJECT TO SINGLE SCOTTISH OFFICE ALLOCATION</u></b>							
<b><u>Capital Expenditure 2004/05</u></b>							
Education	4,922	(2,612)	2,310	1,165	<b>2,155</b>	2,310	<b>93</b>
Social Work	7,500	(758)	6,742	2,695	<b>3,603</b>	6,724	<b>54</b>
Planning & Transportation	2,662	332	2,994	917	<b>1,098</b>	2,932	<b>37</b>
Leisure & Arts	2,247	66	2,313	255	<b>437</b>	2,313	<b>19</b>
Communities	1,263	(50)	1,213	859	<b>1,015</b>	1,213	<b>84</b>
Economic Development	3,535	2,579	6,114	3,545	<b>4,184</b>	6,114	<b>68</b>
Waste Management	1,320	(41)	1,279	483	<b>517</b>	1,279	<b>40</b>
Environmental Health/Trading Standards/Scientific Services	237	621	858	60	<b>61</b>	858	<b>7</b>
Chief Executive/Support Services	5,589	(1,410)	4,179	322	<b>907</b>	4,018	<b>23</b>
Finance	16	-	16	16	<b>16</b>	16	<b>100</b>
Dundee Contract Services - Client	50	19	69	20	<b>20</b>	69	<b>29</b>
Housing (Non-HRA)	1,475	535	2,010	746	<b>861</b>	2,010	<b>43</b>
Dundee Airport	620	(31)	589	246	<b>248</b>	589	<b>42</b>
Public Transport Fund	3,615	1,228	4,843	1,562	<b>1,897</b>	4,843	<b>39</b>
Community Regeneration	577	(161)	416	(279)	<b>(311)</b>	416	<b>(75)</b>
<b>Capital Expenditure 2004/05</b>	<b>35,628</b>	<b>317</b>	<b>35,945</b>	<b>12,612</b>	<b>16,708</b>	<b>35,704</b>	<b>47</b>
<b><u>Capital Resources 2004/05</u></b>							
<b>Expenditure Funded from Borrowing</b>	<b>18,509</b>	<b>(52)</b>	<b>18,457</b>			<b>18,216</b>	
<b>Capital Grants:</b>							
Cycling, Walking & Safer Streets	236		236			236	
School Estate Strategy	1,952		1,952			1,952	
Contaminated Land	142		142			142	
Air Quality Monitoring	-	40	40			40	
Private Sector Housing Grant	1,475	535	2,010			2,010	
Derelict Land Fund	2,000		2,000			2,000	
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 & Kilspondie		440	440			440	
Public Transport Projects		800	800			800	
<b>Transfer Resources from Renewal &amp; Repair Fund to fund Capital Expenditure</b>	<b>1,763</b>	<b>(315)</b>	<b>1,448</b>			<b>1,448</b>	
<b>Transfer Capital Expenditure to CFCR</b>	<b>170</b>		<b>170</b>			<b>170</b>	
<b>Capital Receipts:</b>							
ERDF/Contributions	60		60	28	<b>31</b>	60	
Net Asset Sales	3,445	(675)	2,770	1,475	<b>1,547</b>	2,770	
<b>Capital Resources 2004/05</b>	<b>35,628</b>	<b>317</b>	<b>35,945</b>			<b>35,704</b>	
<b>Capital Expenditure as a %age of Capital Resources</b>	<b>100%</b>		<b>100%</b>			<b>100%</b>	

**DUNDEE CITY COUNCIL - CAPITAL EXPENDITURE MONITORING 2004/05**

<u>DEPARTMENT/SERVICE</u>	<u>Approved</u> <u>Capital</u> <u>Budget</u> <u>2004/05</u> <u>£000</u>	<u>Adjustments/</u> <u>Virements</u> <u>£000</u>	<u>Revised</u> <u>Capital</u> <u>Budget</u> <u>2004/05</u> <u>£000</u>	<u>Actual</u> <u>Spend to</u> <u>30 Nov 2004</u> <u>£000</u>	<u>Actual</u> <u>Spend to</u> <u>31 Dec 2004</u> <u>£000</u>	<u>Projected</u> <u>Outturn</u> <u>2004/05</u> <u>£000</u>	<u>Spend as</u> <u>a % of</u> <u>Projected</u> <u>Outturn</u> <u>%</u>
<b><u>HOUSING HRA</u></b>							
<b><u>Capital Expenditure 2004/05</u></b>							
Windows for All	177		177	-	-	3	-
Heating for All	11,958		11,958	5,805	6,591	10,411	63
Community Care	1,005		1,005	271	403	907	44
Integrations	50		50	21	28	30	93
Estate Strategies	1,350		1,350	300	333	1,025	32
Roof Repairs/Renewal	1,560		1,560	767	827	2,031	41
Urgent Roof Repairs	740		740	283	364	740	49
Roughcast	845		845	40	88	347	25
Security	295		295	36	39	291	13
Fees & Contingencies	50		50	7	7	110	6
<b>Capital Expenditure 2004/05</b>	<b>18,030</b>		<b>18,030</b>	<b>7,530</b>	<b>8,680</b>	<b>15,895</b>	<b>55</b>
<b><u>Capital Resources 2004/05</u></b>							
<b>Expenditure Funded from Borrowing</b>	11,436		11,436			11,436	
<b>Capital Grant:</b> Central Heating Initiative	250		250			193	
<b>Capital Receipts:</b> Net Asset Sales	3,975		3,975	3,700	4,043	4,801	
Loan Repayment Receipts	50		50	141	141	200	
	<b>15,711</b>		<b>15,711</b>	<b>3,841</b>	<b>4,184</b>	<b>16,630</b>	
<b>Capital Expenditure as % of Capital Resources</b>	115%		115%			96%	