

REPORT TO: FINANCE COMMITTEE - 11 NOVEMBER 2002

REPORT ON: CAPITAL EXPENDITURE MONITORING 2002/03

REPORT BY: DIRECTOR OF FINANCE

REPORT NO: 775-2002

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 30 September 2002 compared with the latest outturn on capital expenditure for 2002/03. The spend to 30 September 2002 is £3.513m which is 28% of the projected capital expenditure in 2002/03 of £12.490m.
- 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 30 September 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 £12.490m is £426,000 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 £150,000.
- 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 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.
- vii 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.
- viii Reduction in expenditure of £79,000 on the Baldovie Redevelopment (Environmental & Consumer Protection).
- ix 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 £11.808m is £564,000 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 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.
- iii 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.
- iv Reduction in net asset sales of £550,000 as a result of one significant receipt not now going to be received in 2002/03.
- v 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.

8.3 Based on latest projections the 2002/03 capital expenditure is now projected at 106% of projected capital resources. The Director of Finance is reviewing the capital programme with a view to reducing this percentage overspend.

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.

The Public Transport Fund is currently projecting an underspend of £424,000, as a result of slippage on the project "Bringing Confidence into Public Transport".

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

10.1 The latest projection of capital expenditure of £12.495m is £524,000 less than the original budget, due to:

- i The Director of Housing undertaking a review of the capital and planned maintenance programme, as a result of a projected overspend in revenue expenditure.

10.2 The latest projection of capital resources of £12.236m is £915,000 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.

10.3 Based on the latest projections, capital expenditure is now projected at 102% of projected capital resources.

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

11.1 The latest projection of gross capital expenditure is £1.060m. 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. 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.

AMcC/FV 29-Oct-02 Reports/775-2002-CapEx0203

DUNDEE CITY COUNCIL

CAPITAL EXPENDITURE MONITORING 2002/03

DEPARTMENT / SERVICE	Approved Capital Estimates 2002/03 £000	Virements £000	Revised Capital Estimates 2002/03 £000	Actual Spend to 31 August 2002 £000	Actual Spend to 30 Sept 2002 £000	Projected Outturn 2002/03 £000	Spend as a % of Projected Outturn %
A. SUBJECT TO SINGLE SCOTTISH OFFICE ALLOCATION							
Capital Expenditure 2002/03							
Education	1,835		1,835	395	549	1,985	28
Social Work	1,100	339	1,439	520	542	1,439	38
Planning & Transportation	2,319		2,319	123	267	2,245	12
Leisure & Arts	1,405	(57)	1,348	516	1,176	1,414	83
Neighbourhood Resources	661	11	672	18	24	514	5
Economic Development	1,525	20	1,545	143	146	1,563	9
Environment & Consumer Protection	971	410	1,381	159	310	1,302	24
Chief Executive	597		597	20	25	377	7
Joint Boards/Committees	4		4	4	4	4	100
Housing (Non-HRA)	1,647		1,647	395	470	1,647	29
Capital Expenditure 2002/03	12,064	723	12,787	2,293	3,513	12,490	28
Capital Resources 2002/03							
Carry Forward from 2001/2002			(167)			(167)	
Single Capital Allocation	8,489		8,489			8,489	
Supplementary Consent - Cycling, Walking & Safer Streets	105		125			125	
Supplementary Consent - School Building Improvements			715			715	
Supplementary Consent - Air Quality Monitoring			43			43	
Supplementary Consent - Contaminated Land			142			142	
Transfer of S 94 Consent	(1,000)		(1,000)			(1,000)	
Capital Receipts							
Transfer Receipts from NHP to cover o/s in 2001/02			291			291	
ERDF/Contributions (inci DIA) + P&T contribution £100k	100		120			220	
Net Asset Sales (net pre-sale expenditure)	3,550		3,550			2,950	
Capital Resources 2002/03	11,244		12,308	0	0	11,808	
Estimated Projected Overspend	107%		104%			106%	
B. SUBJECT TO SPECIFIC SCOTTISH OFFICE ALLOCATIONS							
Capital Expenditure 2002/03							
Public Transport Fund (Planning & Transportation)	2,171		2,171	67	662	1,747	38
Dundee Airport (Economic Development)	993		993	50	275	993	28
	3,164	0	3,164	117	937	2,740	34
Capital Resources 2002/03							
Specific Capital Allocations	3,164		3,164			3,164	
Capital Expenditure as % of Capital Resources	100%		100%			87%	

DUNDEE CITY COUNCIL

CAPITAL EXPENDITURE MONITORING 2002/03

DEPARTMENT / SERVICE	Approved		Revised		Actual	Actual	Projected	Spend as
	Capital		Capital		Spend to	Spend to	Outturn	a % of
	Estimates	Virements	Estimates		31 August 2002	30 Sept 2002	2002/03	Projected
	2002/03		2002/03		£000	£000	£000	Outturn
	£000	£000	£000		£000	£000	£000	%

C. SUBJECT TO SCOTTISH OFFICE HOUSING HRA ALLOCATION

Capital Expenditure 2002/03

Windows for All	316		316		117	139	201
Heating for All - DCC Funding	4,096		4,096		615	959	4,258
Heating for All - Scottish Executive Funding	3,568		3,568		1,474	1,677	4,099
Community Care	670		670		172	179	423
Estate Strategies	1,165		1,165		94	258	1,055
Rewire/Security	1,026		1,026		56	57	417
Roof Repairs/Renewal	1,683		1,683		215	333	1,650
MSD Fabric	495		495		49	89	392

Capital Expenditure 2002/03	13,019		13,019		2,792	3,691	12,495
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Capital Resources 2002/03

Carry Forward from 2001/2002	0		191				191
Single Capital Allocation	8,436		8,436				8,436
Central Heating Initiative - S94 Consent	1,900		2,622				2,622
Useable Capital Receipts	985		985				987
	11,321	0	12,234				12,236

Capital Expenditure as % of Capital Resources	115%		106%				102%
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D. NEW HOUSING PARTNERSHIP (ARDLER REGENERATION PROGRAMME 2002/03)

Capital Expenditure 2002/03

Expenditure Funded from S94 Consent	290		290		25	34	290
Expenditure Funded from Capital Receipts	770		770		78	72	770
	1,060	0	1,060		103	106	1,060

Capital Resources 2001/02

S94 Consent	290		290				290
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Capital Receipts

ERDF	325		325		398	398	325
SET	75		75		75	75	75
Scottish Homes	328		328				328
Sale of Assets	1,212		1,212		(8)	(8)	1,212
	1,940	0	1,940		465	465	1,940

Capital Expenditure as % of Capital Resources	55%		55%				55%
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