

REPORT TO: FINANCE COMMITTEE - 13 DECEMBER 2004

REPORT ON: CAPITAL EXPENDITURE MONITORING 2004/05

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 794-2004

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 October 2004 compared with the latest outturn on capital expenditure for 2004/05. The spend to 31 October 2004 is £9.861m which is 26% of the projected capital expenditure in 2004/05 of £38.268m.
- 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- 6.2 From 1 April 2004, S94 capital consents have been replaced by the Prudential Code for Capital Finance.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 October 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 £38.268m is £2.640m 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 on Public Transport Fund. This is being used to finance new bus shelters within the city.
 - iv Additional expenditure of £200,000 on Unadopted Footpaths (Planning & Transportation). This is to allow for the Unadopted Footpaths' programme to continue during 2004/05.
 - v 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.
 - vi 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.
 - vii Additional expenditure of £760,000 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.
 - viii Reduction in expenditure of £835,000 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.
 - ix Reduction in expenditure of £545,000 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.
 - x Reduction in expenditure of £337,000 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.

- xi Reduction in expenditure of £60,000 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.

8.2 The capital expenditure is funded from various sources including capital receipts and resources borrowing. The latest projection of £38.268m is £2.640m higher than the original capital budget figure of £35.628m. The main reasons for this are:-

- i Additional capital grants of £1.262m to cover expenditure including that mentioned in 8.1(iii) and (vii) for Public Transport Fund and Housing Non-HRA.
- ii Additional borrowing of £1.732m required to cover the additional expenditure including that mentioned in 8.1(i) and (vi), offset partially by 8.1(ix).
- iii Reduction in capital receipts, £470,000, required to fund expenditure in 2004/05 due to slippage on projects.

9 HOUSING HRA

The latest projection of capital expenditure of £16.172m is £1.858m 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 brought forward from 2005/06.

- 9.1 The latest projection of capital resources of £16.055m is £344,000 higher than the approved budget due to an increase in Net Asset Sales.
- 9.2 Based on the latest estimates, capital expenditure is now projected at 101% 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)

1 DECEMBER 2004

DUNDEE CITY COUNCIL - CAPITAL EXPENDITURE MONITORING 2004/05

<u>DEPARTMENT/SERVICE</u>	<u>Approved Capital Budget 2004/05 £000</u>	<u>Adjustments/ Virements £000</u>	<u>Revised Capital Budget 2004/05 £000</u>	<u>Actual Spend to 30 Sept 2004 £000</u>	<u>Actual Spend to 31 October 2004 £000</u>	<u>Projected Outturn 2004/05 £000</u>	<u>Spend as a % of Projected Outturn %</u>
<u>SUBJECT TO SINGLE SCOTTISH OFFICE ALLOCATION</u>							
<u>Capital Expenditure 2004/05</u>							
Education	4,922	(1,444)	3,478	1,736	794	3,478	23
Social Work	7,500	(326)	7,174	1,696	2,139	7,174	30
Planning & Transportation	2,662	561	3,223	504	727	3,163	23
Leisure & Arts	2,247	146	2,393	248	145	2,393	6
Communities	1,263	207	1,470	491	733	1,470	50
Economic Development	3,535	2,735	6,270	2,868	3,061	6,270	49
Waste Management	1,320		1,320	47	326	1,320	25
Environmental Health/Trading Standards/Scientific Services	237	272	509	50	52	418	12
Chief Executive/Support Services	5,589	(496)	5,093	147	178	5,076	4
Finance	16	-	16	16	16	16	100
Dundee Contract Services - Client	50	22	72	-	-	72	-
Housing (Non-HRA)	1,475	794	2,269	511	630	2,269	28
Dundee Airport	620	-	620	137	143	620	23
Public Transport Fund	3,615	428	4,043	1,036	1,299	4,043	32
Community Regeneration	577	246	823	(383)	(382)	486	(79)
Capital Expenditure 2004/05	35,628	3,145	38,773	9,104	9,861	38,268	26
<u>Capital Resources 2004/05</u>							
Expenditure Funded from Borrowing	18,509	1,732	20,241			20,241	
Capital Grants:							
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	794	2,269			2,269	
Derelict Land Fund	2,000		2,000			2,000	
Cities Growth Fund	1,930		1,930			1,930	
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	
Transfer Resources from Renewal & Repair Fund to fund Capital Expenditure	1,763	116	1,879			1,879	
Transfer Capital Expenditure to CFCR	170		170			170	
Capital Receipts:							
ERDF/Contributions	60		60	26	28	60	
Net Asset Sales	3,445	(470)	2,975	1,333	1,416	2,975	

Capital Resources 2004/05

35,628	2,640	38,268
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38,268

Estimated Projected Overspend

100%

100%

100%

DUNDEE CITY COUNCIL - CAPITAL EXPENDITURE MONITORING 2004/05

<u>DEPARTMENT/SERVICE</u>	<u>Approved Capital Budget 2004/05 £000</u>	<u>Adjustments/ Virements £000</u>	<u>Revised Capital Budget 2004/05 £000</u>	<u>Actual Spend to 30 Sept 2004 £000</u>	<u>Actual Spend to 31 October 2004 £000</u>	<u>Projected Outturn 2004/05 £000</u>	<u>Spend as a % of Projected Outturn %</u>
<u>HOUSING HRA</u>							
<u>Capital Expenditure 2004/05</u>							
Windows for All	177		177	-	-	3	-
Heating for All	11,958		11,958	3,509	4,493	10,729	42
Community Care	1,005		1,005	132	193	937	21
Integrations	50		50	2	2	30	7
Estate Strategies	1,350		1,350	226	259	1,045	25
Roof Repairs/Renewal	1,560		1,560	638	693	2,000	35
Urgent Roof Repairs	740		740	72	153	740	21
Roughcast	845		845	37	39	322	12
Security	295		295	31	34	256	13
Fees & Contingencies	50		50	5	5	110	5
Capital Expenditure 2004/05	18,030		18,030	4,652	5,871	16,172	36
<u>Capital Resources 2004/05</u>							
Expenditure Funded from Borrowing	11,436		11,436			11,436	
Capital Grant: Central Heating Initiative	250		250			193	
Capital Receipts: Net Asset Sales	3,975		3,975	2,272	2,796	4,326	
Loan Repayment Receipts	50		50	82	98	100	
	15,711		15,711	2,354	2,894	16,055	
Capital Expenditure as % of Capital Resources	115%		115%			101%	