

REPORT TO: FINANCE COMMITTEE - 8 DECEMBER 2003

REPORT ON: CAPITAL EXPENDITURE MONITORING 2003/04

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 796-2003

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 31 October 2003 compared with the latest outturn on capital expenditure for 2003/04. The spend to 31 October 2003 is £6.208m which is 43% of the projected capital expenditure in 2003/04 of £14.491m.
- 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 31 October 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 £14.491m is £2.041m higher than the original capital budget of £12.450m. The main reasons for this are:-

- i Additional expenditure of £210,000 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, and £40,000 for Air Quality Monitoring (Environmental & Consumer Protection). This expenditure is funded from Scottish Executive additional consent (see 8.2(i) below).
- iii Additional expenditure of £152,000 for 20mph Speed Limits (Chief Executive). This 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 Scottish Executive awarded £710,000 additional consent to enable the Waterfront to be redeveloped (Chief Executive). A capital grant will finance all the expenditure.
- vi Additional expenditure of £75,000 to assist Leisure & Arts improve facilities at Camperdown Wildlife Centre, in order to comply with the Zoo Licensing Board requirements.
- vii Additional expenditure of £250,000 on the replacement of Menzieshill House (Social Work). The expenditure will be financed from CFCR within Social Work's 2003/04 Revenue Budget.
- viii Additional expenditure of £130,000 on the replacement Day Care Centre - Ancrum (Social Work). The expenditure will be financed from CFCR within Social Work's 2003/04 revenue budget.
- ix Additional expenditure of £125,000 on a new office building at Claverhouse Industrial Park East, Dundee. The proposed new office building will be used as Social Work offices to replace the existing Balmerino Road and Kirkton Road facilities.
- x 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.
- xi 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 £14.030m is £2.755m 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, Air Quality Monitoring (Environmental & Consumer Protection) - £40,000, School Estate Strategy (Education) - £934,000, City Growth Fund (Chief Executive) - £710,000, Air Quality Monitoring (Environmental and Consumer Protection) - £40,000 and 20mph Speed Limits (Chief Executive) - £152,000.
 - 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 CFCR of £380,000 within Social Work's 2003/04 Revenue Budget to finance Menzieshill House Refurbishment and the replacement Day Care Centre - Ancrum.
 - iv Reduction in net asset sales of £234,000 due to a reduction in the level of receipts required to finance expenditure being less than originally estimated.
- 8.3 Based on latest projections the 2003/04 capital expenditure is now projected at 106% of projected capital resources.

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 and the various Public Transport Fund projects.

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

The latest projection of capital expenditure of £12.221m is £793,000 less than the revised budget, due to an anticipated slippage allowance across the Housing HRA capital programme.

- 10.1 The latest projection of capital resources of £11.898m is £841,000 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 £413,000 higher than anticipated when budgeted resources were being prepared.
 - iii Additional capital receipts of £222,000.
- 10.3 Based on the latest projections, capital expenditure is now projected at 103% of projected capital resources.

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

- 11.1 The latest projection of gross capital expenditure is £818,000. 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 Chief Executive, Depute Chief Executive (Support Services) and Director of Housing and have been consulted in the preparation of this report.

13 BACKGROUND PAPERS

- 13.1 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.

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26 NOVEMBER 2003

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 Sept 2003 £000</u>	<u>Actual Spend to 31 October 2003 £000</u>	<u>Projected Outturn 2003/04 £000</u>	<u>Spend as a % of Projected Outturn %</u>
A <u>SUBJECT TO SINGLE SCOTTISH OFFICE ALLOCATION</u>							
Capital Expenditure 2003/04							
Education	2,291	250	2,541	2,072	1,732	2,447	71
Social Work	2,317	505	2,822	1,581	1,837	2,822	65
Planning & Transportation	2,001		2,001	512	646	2,001	32
Leisure & Arts	1,208	105	1,313	498	799	1,313	61
Communities	597	120	717	106	128	717	18
Economic Development	1,705	292	1,997	116	454	1,993	23
Environment & Consumer Protection	260	288	548	52	55	548	10
Chief Executive/Support Services	440	624	1,064	9	9	1,064	1
Finance	106	15	121	16	16	31	52
Dundee Contract Services - Client	50	30	80	-	-	80	-
Housing (Non-HRA)	1,475		1,475	475	532	1,475	36
Capital Expenditure 2003/04	12,450	2,229	14,679	5,437	6,208	14,491	43
Capital Resources 2003/04							
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		710	710			710	
Supplementary Consent - Air Quality Monitoring		40	40			40	
Supplementary Consent - 20mph Speed Limits		152	152			152	
Transfer of S94 Consent to Revenue - PPP	(789)		(789)			(789)	
Capital Expenditure funded from Revenue		380	380			380	
Capital Receipts							
ERDF/Contributions	100		100			100	
Net Asset Sales (net pre-sale expenditure)	2,900	(234)	2,666			2,666	
Capital Resources 2003/04	11,275	2,365	13,640			13,640	
Estimated Projected Overspend	110%		108%			106%	
B <u>SUBJECT TO SPECIFIC SCOTTISH OFFICE ALLOCATIONS</u>							
Capital Expenditure 2003/04							
Public Transport Fund (Planning & Transportation) - incl carry forward from 2002/03	3,600	16	3,616	803	1,054	3,616	29
Dundee Airport (Economic Development)	602		602	62	91	602	15
	4,202	16	4,218	865	1,145	4,218	27
Capital Resources 2003/04							
Specific Capital Allocations	4,202	16	4,218			4,218	
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 Sept 2003 £000</u>	<u>Actual Spend to 31 October 2003 £000</u>	<u>Projected Outturn 2003/04 £000</u>	<u>Spend as a % of Projected Outturn %</u>
C SUBJECT TO SCOTTISH OFFICE HOUSING HRA ALLOCATION							
<u>Capital Expenditure 2003/04</u>							
Windows for All	-	205	205	1	1	15	7
Heating for All - DCC Funding	6,854	1,114	7,968	3,172	4,004	8,013	50
Heating for All - Scottish Executive Funding	2,649	997	3,646	1,080	1,328	3,582	37
Lease Heating	(1,942)	(81)	(2,023)	(53)	(53)	(2,292)	2
Community Care	415	24	439	177	194	383	51
Estate Strategies	745	(158)	587	26	34	365	9
Integrations	90	(9)	81	1	1	1	100
Roof Repairs/Renewal	2,196	(135)	2,061	980	1,201	2,129	56
Fees & Contingencies	50		50	2	2	25	8
Capital Expenditure 2003/04	11,057	1,957	13,014	5,386	6,712	12,221	55
<u>Capital Resources 2003/04</u>							
Carry Forward from 2002/2003	-	206	206			206	
Single Capital Allocation	8,436		8,436			8,436	
Central Heating Initiative - S94 Consent	1,783	413	2,196			2,196	
Useable Capital Receipts	838	12	850			1,060	
	11,057	631	11,688			11,898	
Capital Expenditure as % of Capital Resources	100%		111%			103%	
D NEW HOUSING PARTNERSHIP (ARDLER REGENERATION PROGRAMME 2003/04)							
<u>Capital Expenditure 2003/04</u>							
Expenditure Funded from S94 Consent	270	(106)	164	59	31	164	19
Expenditure Funded from Capital Receipts	1,017		1,017	162	164	654	25
	1,287	(106)	1,181	221	195	818	24
<u>Capital Resources 2003/04</u>							
S94 Consent	270	(106)	164			164	
<u>Capital Receipts</u>							
Sale of Assets - Carry forward from 2002/03		1,440	1,440	-	1,440	1,440	
ERDF	135		135	112	18	135	
SET	220		220	-	100	220	
	355	1,440	1,795	112	1,558	1,795	
Capital Expenditure as % of Capital Resources	363%		66%			46%	