

**REPORT TO: FINANCE COMMITTEE - 9 DECEMBER 2002**  
**REPORT ON: CAPITAL EXPENDITURE MONITORING 2002/03**  
**REPORT BY: DIRECTOR OF FINANCE**  
**REPORT NO: 846-2002**

**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 31 October 2002 compared with the latest outturn on capital expenditure for 2002/03. The spend to 31 October 2002 is £5.618m which is 41% of the projected capital expenditure in 2002/03 of £13.852m.

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 31 October 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 £13.852m is £1.788m 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 Additional expenditure of £357,000 in 2002/03 on the refurbishment of East Port House (Social Work) to accommodate the transfer of the Criminal Justice Teams from Friarfield House (to accommodate the Drug Treatment and Testing service). Additional S94 consent has been issued by the Scottish Executive to cover this expenditure.
- vii Additional expenditure of £7.1m on the reinstatement of Morgan Academy as a result of the fire last year. It is estimated that the Council should receive approximately £6.1m in Insurance Receipts during 2002/03, leaving £1m cash shortfall. The Scottish Executive has given approval for the Council to exceed its 10% carry forward limit for any shortfall on Morgan. This is purely a cashflow issue and the £1m will be recovered by insurance receipts in 2003/04.
- viii 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.
- ix 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.

- x Reduction in expenditure of £79,000 on the Baldovie Redevelopment (Environmental & Consumer Protection).
- xi 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 £13.254m is £2.010m 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 Additional S94 Consent issued by Scottish Executive for the Refurbishment of East Port House - £446,000.
- iii Additional allocation issued by Scottish Executive for Morgan Academy Fire Reinstatement - estimated at £1m.
- iv 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.
- v 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.
- vi Reduction in net asset sales of £550,000 as a result of one significant receipt not now going to be received in 2002/03.
- vii 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 105% 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 £532,000, 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 £12.403m is £616,000 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 £12.214m is £893,000 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 £785,000. 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 Director of Housing and Director of Support Services have been consulted in the preparation of this report.

**DAVID K DORWARD  
DIRECTOR OF FINANCE**

**9 DECEMBER 2002**

**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 2002/03**

<u>DEPARTMENT/SERVICE</u>	<u>Approved Capital Estimates 2002/03 £000</u>	<u>Supplementary Consents/ Virements £000</u>	<u>Revised Capital Estimates 2002/03 £000</u>	<u>Actual Spend to 30 September 2002 £000</u>	<u>Actual Spend to 31 October 2002 £000</u>	<u>Projected Outturn 2002/03 £000</u>	<u>Spend as a % of Project ed Outturn %</u>
<b>A <u>SUBJECT TO SINGLE SCOTTISH OFFICE ALLOCATION</u></b>							
<b><u>Capital Expenditure 2002/03</u></b>							
Education	1,835	1,000	2,835	1,583	1,890	2,985	63
Social Work	1,100	785	1,885	542	603	1,827	33
Planning & Transportation	2,319	(20)	2,299	267	516	2,199	23
Leisure & Arts	1,405	29	1,434	1,176	1,373	1,434	96
Neighbourhood Resources	661	11	672	24	35	514	7
Economic Development	1,525	20	1,545	146	234	1,563	15
Environment & Consumer Protection	971	410	1,381	310	314	1,302	24
Chief Executive	597		597	25	102	377	27
Joint Boards/Committees	4		4	4	4	4	100
Housing (Non-HRA)	1,647		1,647	470	547	1,647	33
<b>Capital Expenditure 2002/03</b>	<b>12,064</b>	<b>2,235</b>	<b>14,299</b>	<b>4,547</b>	<b>5,618</b>	<b>13,852</b>	<b>41</b>
<b><u>Capital Resources 2002/03</u></b>							
Carry Forward from 2001/2002		(167)	(167)			(167)	
Single Capital Allocation	8,489		8,489			8,489	
Supplementary Consent - Cycling, Walking & Safer Streets	105	20	125			125	
Supplementary Consent - School Building Improvements		715	715			715	
Supplementary Consent - Air Quality Monitoring		43	43			43	
Supplementary Consent - Contaminated Land		142	142			142	
Supplementary Consent - East Port House Refurbishment		446	446			446	
Transfer of S94 Consent	(1,000)		(1,000)			(1,000)	
Morgan Academy Fire Reinstatement Additional Allocation		1,000	1,000			1,000	
<b>Capital Receipts</b>							
Transfer Receipts from NHP to cover o/s in 2001/02		291	291			291	
ERDF/Contributions (incl DIA) + P&T contribution £100k	100	20	120			220	
Net Asset Sales (net pre-sale expenditure)	3,550		3,550			2,950	
<b>Capital Resources 2002/03</b>	<b>11,244</b>	<b>2,510</b>	<b>13,754</b>			<b>12,254</b>	
<b>Estimated Projected Overspend</b>	<b>107%</b>		<b>104%</b>			<b>105%</b>	
<b>B <u>SUBJECT TO SPECIFIC SCOTTISH OFFICE ALLOCATIONS</u></b>							
<b><u>Capital Expenditure 2002/03</u></b>							
Public Transport Fund (Planning & Transportation)	2,171		2,171	662	774	1,639	47
Dundee Airport (Economic Development)	993		993	275	588	993	59
	<b>3,164</b>		<b>3,164</b>	<b>937</b>	<b>1,362</b>	<b>2,632</b>	<b>52</b>
<b><u>Capital Resources 2002/03</u></b>							

Specific Capital Allocations	3,164	3,164	3,164
Capital Expenditure as % of Capital Resources	100%	100%	83%

**DUNDEE CITY COUNCIL - CAPITAL EXPENDITURE MONITORING 2002/03**

<u>DEPARTMENT/SERVICE</u>	<u>Approved Capital Estimates 2002/03 £000</u>	<u>Supplementary Consents/ Virements £000</u>	<u>Revised Capital Estimates 2002/03 £000</u>	<u>Actual Spend to 30 September 2002 £000</u>	<u>Actual Spend to 31 October 2002 £000</u>	<u>Projected Outturn 2002/03 £000</u>	<u>Spend as a % of Project ed Outturn %</u>
<b>C <u>SUBJECT TO SCOTTISH OFFICE HOUSING HRA ALLOCATION</u></b>							
<b><u>Capital Expenditure 2002/03</u></b>							
Windows for All	316		316	139	143	198	72
Heating for All - DCC Funding	4,096		4,096	959	1,376	4,258	32
Heating for All - Scottish Executive Funding	3,568		3,568	1,677	2,150	4,418	49
Community Care	670		670	179	238	403	59
Estate Strategies	1,165		1,165	258	330	890	37
Rewire/Security	1,026		1,026	57	61	449	14
Roof Repairs/Renewal	1,683		1,683	333	468	1,395	34
MSD Fabric	495		495	89	113	392	29
<b>Capital Expenditure 2002/03</b>	<b>13,019</b>		<b>13,019</b>	<b>3,691</b>	<b>4,879</b>	<b>12,403</b>	<b>39</b>
<b><u>Capital Resources 2002/03</u></b>							
Carry Forward from 2001/2002			191			191	
Single Capital Allocation	8,436		8,436			8,436	
Central Heating Initiative - S94 Consent	1,900		2,622			2,573	
Useable Capital Receipts	985		985			1,014	
	<b>11,321</b>		<b>12,234</b>			<b>12,214</b>	
<b>Capital Expenditure as % of Capital Resources</b>	<b>115%</b>		<b>106%</b>			<b>102%</b>	
<b>D <u>NEW HOUSING PARTNERSHIP (ARDLER REGENERATION PROGRAMME 2002/03)</u></b>							
<b><u>Capital Expenditure 2002/03</u></b>							
Expenditure Funded from S94 Consent	290		290	34	39	260	15
Expenditure Funded from Capital Receipts	770		770	72	186	525	35
	<b>1,060</b>		<b>1,060</b>	<b>106</b>	<b>225</b>	<b>785</b>	<b>29</b>
<b><u>Capital Resources 2001/02</u></b>							
S94 Consent	290		290			290	
<b><u>Capital Receipts</u></b>							
ERDF	325		325	398	407	398	
SET	75		75	75	75	75	
Scottish Homes	328		328			100	
Sale of Assets	1,212		1,212	(8)	(8)	1,212	
	<b>1,940</b>		<b>1,940</b>	<b>465</b>	<b>474</b>	<b>1,785</b>	
<b>Capital Expenditure as % of Capital Resources</b>	<b>55%</b>		<b>55%</b>			<b>44%</b>	