

REPORT TO: FINANCE COMMITTEE - 19 AUGUST 2002
REPORT ON: CAPITAL EXPENDITURE MONITORING 2002/03
REPORT BY: DIRECTOR OF FINANCE
REPORT NO: 580-2002

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 June 2002 compared with the latest outturn on capital expenditure for 2002/03. The spend to 30 June 2002 is £1,259,000 which is 10% of the projected capital expenditure in 2002/03 of £12,516m.
- 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 June 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 £12.516m is £452,000 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 £339,000. 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.
- 8.2 The latest projection of capital resources of £11.503m is £259,000 more than the original budget estimate of £11.244m. The main reasons for this are:
- i Additional S94 Consent of £715,000, issued by Scottish Executive, for School Building improvements.
 - ii Reduction in net asset sales of £550,000 as a result of one significant receipt not now going to be received in 2002/03.
 - iii 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.
 - 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.
- 8.3 Based on latest projections the 2002/03 capital expenditure is now projected at 109% 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 the Public Transport Fund and Dundee Airport.

10 DEPARTMENTS/SERVICES SUBJECT TO SCOTTISH EXECUTIVE HOUSING HRA ALLOCATION

- 10.1 The latest projection of capital expenditure of £13.147m is £128,000 higher than the original budget, due to changes in various budget headings.
- 10.2 The latest projection of capital resources of £12.234m is £913,000 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. Officers within Housing are currently reviewing the programme to quantify the effect of this on expenditure.
- 10.3 Based on the latest projections, capital expenditure is now projected at 107% of projected capital resources.

11 NEW HOUSING PARTNERSHIP (ARDLER REGENERATION PROGRAMME 2001/02)

- 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.

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

<u>DEPARTMENT / SERVICE</u>	<u>Approved</u>		<u>Revised</u>	<u>Actual</u>	<u>Projected</u>	<u>Spend as</u>
	<u>Capital</u>		<u>Capital</u>	<u>Spend to</u>	<u>Outturn</u>	<u>a % of</u>
	<u>Estimates</u>	<u>Virements</u>	<u>Estimates</u>	<u>30 June 2002</u>	<u>2002/03</u>	<u>Projected</u>
	<u>2002/03</u>		<u>2002/03</u>		<u>2002/03</u>	<u>Outturn</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>%</u>
A. <u>SUBJECT TO SINGLE SCOTTISH OFFICE ALLOCATION</u>						
<u>Capital Expenditure 2002/03</u>						
Education	1,835		1,835	394	1,985	20
Social Work	1,100	339	1,439	402	1,439	28
Planning & Transportation	2,319		2,319	(1)	2,319	(0)
Leisure & Arts	1,405	-57	1,348	127	1,348	9
Neighbourhood Resources	661		661	(3)	661	(0)
Economic Development	1,525	20	1,545	86	1,545	6
Environment & Consumer Protection	971		971	25	971	3
Chief Executive	597		597	9	597	2
Joint Boards/Committees	4		4	4	4	100
Housing (Non-HRA)	1,647		1,647	216	1,647	13
Capital Expenditure 2002/03	12,064	302	12,366	1,259	12,516	10
<u>Capital Resources 2002/03</u>						
Carry Forward from 2001/2002			(167)		(167)	
Single Capital Allocation	8,489		8,489		8,489	
Supplementary Consent - Cycling, Walking & Safer Streets	105		105		105	
Supplementary Consent - School Building Improvements			715		715	
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 (incl DIA)	100		120		120	
Insurance Receipts						
Net Asset Sales (net pre-sale expenditure)	3,550		3,550		2,950	
Capital Resources 2002/03	11,244		12,103	0	11,503	
Estimated Projected Overspend	107		102		109	
B. <u>SUBJECT TO SPECIFIC SCOTTISH OFFICE ALLOCATIONS</u>						
<u>Capital Expenditure 2002/03</u>						
Public Transport Fund (Planning & Transportation)	2,171		2,171	44	2,171	2
Dundee Airport (Economic Development)	993		993	20	993	2
	3,164	0	3,164	64	3,164	2
<u>Capital Resources 2002/03</u>						
Specific Capital Allocations	3,164		3,164		3,164	
Capital Expenditure as % of Capital Resources	100%		100%		100%	

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

<u>DEPARTMENT / SERVICE</u>	<u>Approved</u>		<u>Revised</u>	<u>Actual</u>	<u>Projected</u>	<u>Spend as</u>
	<u>Capital</u>		<u>Capital</u>	<u>Spend to</u>	<u>Outturn</u>	<u>a % of</u>
	<u>Estimates</u>	<u>Virements</u>	<u>Estimates</u>	<u>30 June 2002</u>	<u>2002/03</u>	<u>Projected</u>
	<u>2002/03</u>		<u>2002/03</u>		<u>2002/03</u>	<u>Outturn</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>%</u>

C. SUBJECT TO SCOTTISH OFFICE HOUSING HRA ALLOCATION**Capital Expenditure 2002/03**

Windows for All	316		316	112	295
Heating for All - DCC Funding	4096		4096	241	4096
Heating for All - Scottish Executive Funding	3568		3568	747	3568
Community Care	670		670	93	673
Estate Strategies	1165		1165	72	1250
Rewire/Security	1026		1026	42	1023
Roof Repairs/Renewal	1683		1683	57	1753
MSD Fabric	495		495	17	489

Capital Expenditure 2002/03

	13,019		13,019	1,381	13,147
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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		985

	11,321	0	12,234		12,234
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Capital Expenditure as % of Capital Resources

	115%		106%		107%
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D. NEW HOUSING PARTNERSHIP (ARDLER REGENERATION PROGRAMME 2002/03)**Capital Expenditure 2002/03**

Expenditure Funded from S94 Consent	290		290	3	290
Expenditure Funded from Capital Receipts	770		770	26	770

	1,060	0	1,060	29	1,060
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Capital Resources 2001/02

S94 Consent	290		290		290
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Capital Receipts

ERDF	325		325	115	325
SET	75		75	75	75
Scottish Homes	328		328		328
Sale of Assets	1,212		1,212	(8)	1,212

	1,940	0	1,940	182	1,940
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Capital Expenditure as % of Capital Resources

	55%		55%		55%
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