

REPORT TO: FINANCE COMMITTEE - 13 SEPTEMBER 2004

REPORT ON: CAPITAL EXPENDITURE MONITORING 2004/05

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 602-2004

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 July 2004 compared with the latest outturn on capital expenditure for 2004/05. The spend to 31 July 2004 is £5.194m which is 13% of the projected capital expenditure in 2004/05 of £39.100m.
- 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- 6.2 From 1 April 2004, S94 capital consents have been replaced by the Prudential Code for Capital Finance.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 July 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 £39.100m is £3.472m 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 £1.098m 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.

- 8.2 The capital expenditure is funded from various sources including capital receipts and resources borrowing. The latest projection of £39.100m is £3.472m higher than the original capital budget figure of £35.628m. The main reasons for this are:-

- i Additional capital grants of £1.188m to cover expenditure mentioned in 8.1(iii) and (vii) for Public Transport Fund and Housing Non-HRA.
- ii Additional borrowing of £2.727m required to cover the additional expenditure mentioned above in 8.1(i), (iv) and (v).

- iii Reduction in capital receipts from sale of assets, mainly as a result of slippage on Forthill Primary School project where the expenditure is being funded from sale of assets.

9 **HOUSING HRA**

The latest projection of capital expenditure of £17.353m is £677,000 lower than the approved budget, due to slippage being highlighted within the Heating Replacement programme.

- 9.1 The latest projection of capital resources of £15.771m is £60,000 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 110% 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 SEPTEMBER 2004

DUNDEE CITY COUNCIL - CAPITAL EXPENDITURE MONITORING 2004/05

<u>DEPARTMENT/SERVICE</u>	<u>Approved</u>		<u>Revised</u>				<u>Spend as</u>
	<u>Capital</u>		<u>Capital</u>		<u>Actual</u>	<u>Actual</u>	<u>a % of</u>
	<u>Budget</u>	<u>Adjustments/</u>	<u>Budget</u>		<u>Spend to</u>	<u>Spend to</u>	<u>Projected</u>
	<u>2004/05</u>	<u>Virements</u>	<u>2004/05</u>		<u>30 June 2004</u>	<u>31 July 2004</u>	<u>Outturn</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>		<u>£000</u>	<u>£000</u>	<u>%</u>
<u>SUBJECT TO SINGLE SCOTTISH OFFICE ALLOCATION</u>							
<u>Capital Expenditure 2004/05</u>							
Education	4,922	(1,755)	3,167	(1,120)	982	3,167	31
Social Work	7,500	258	7,758	384	676	7,758	9
Planning & Transportation	2,662	200	2,862	139	252	2,862	9
Leisure & Arts	2,247	128	2,375	310	153	2,375	6
Communities	1,263	207	1,470	196	331	1,470	23
Economic Development	3,535	2,853	6,388	1,398	2,048	6,388	32
Waste Management	1,320		1,320	3	9	1,320	1
Environmental Health/Trading Standards/Scientific Services	237	232	469	2	7	469	1
Chief Executive/Support Services	5,589	(87)	5,502	5	35	5,502	1
Finance	16	-	16	-	16	16	100
Dundee Contract Services - Client	50	2	52	-	-	52	-
Housing (Non-HRA)	1,475	760	2,235	272	337	2,235	15
Dundee Airport	620	-	620	99	110	620	18
Public Transport Fund	3,615	428	4,043	323	454	4,043	11
Community Regeneration	577	246	823	(287)	(216)	823	(26)
Capital Expenditure 2004/05	35,628	3,472	39,100	1,724	5,194	39,100	13
<u>Capital Resources 2004/05</u>							
Expenditure Funded from Borrowing	18,509	2,797	21,306			21,306	
Capital Grants:							
Cycling, Walking & Safer Streets	236		236			236	
School Estate Strategy	1,952		1,952			1,952	
Contaminated Land	142		142			142	
Private Sector Housing Grant	1,475	760	2,235			2,235	
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	170	1,933			1,933	
Transfer Capital Expenditure to CFCR	170		170			170	
Capital Receipts:							
ERDF/Contributions	60		60			60	
Net Asset Sales	3,445	(683)	2,762			2,762	
Capital Resources 2004/05	35,628	3,472	39,100			39,100	
Estimated Projected Overspend	100%		100%			100%	

DUNDEE CITY COUNCIL - CAPITAL EXPENDITURE MONITORING 2004/05

<u>DEPARTMENT/SERVICE</u>	<u>Approved</u> <u>Capital</u> <u>Budget</u> <u>2004/05</u> <u>£000</u>	<u>Adjustments/</u> <u>Virements</u> <u>£000</u>	<u>Revised</u> <u>Capital</u> <u>Budget</u> <u>2004/05</u> <u>£000</u>	<u>Actual</u> <u>Spend to</u> <u>30 June 2004</u> <u>£000</u>	<u>Actual</u> <u>Spend to</u> <u>31 July 2004</u> <u>£000</u>	<u>Projected</u> <u>Outturn</u> <u>2004/05</u> <u>£000</u>	<u>Spend as</u> <u>a % of</u> <u>Projected</u> <u>Outturn</u> <u>%</u>
<u>HOUSING HRA</u>							
<u>Capital Expenditure 2004/05</u>							
Windows for All	177		177	-	-	3	-
Heating for All	11,958		11,958	865	1,230	11,528	11
Community Care	1,005		1,005	37	55	910	6
Integrations	50		50	-	1	30	3
Estate Strategies	1,350		1,350	52	123	1,345	9
Roof Repairs/Renewal	1,560		1,560	164	290	1,564	19
Urgent Roof Repairs	740		740	27	30	740	4
Roughcast	845		845	21	4	852	-
Security	295		295	14	21	331	6
Fees & Contingencies	50		50	1	1	50	2
Capital Expenditure 2004/05	18,030		18,030	1,181	1,755	17,353	10
<u>Capital Resources 2004/05</u>							
Expenditure Funded from Borrowing	11,436		11,436			11,436	
Capital Grant: Central Heating Initiative	250		250			190	
Capital Receipts: Net Asset Sales	3,975		3,975	1,037	1,373	4,095	
Loan Repayment Receipts	50		50	27	31	50	
	15,711		15,711	1,064	1,404	15,771	
Capital Expenditure as % of Capital Resources	115%		115%			110%	