

REPORT TO: FINANCE COMMITTEE - 15 OCTOBER 2001

REPORT ON: CAPITAL EXPENDITURE MONITORING 2001/02

REPORT BY: DIRECTOR OF FINANCE

REPORT NO: 625-2001

1 PURPOSE OF REPORT

- 1.1 To appraise Elected Members of the latest position regarding the Council's Capital Expenditure programme for 2001/02.

2 RECOMMENDATION

- 2.1 It is recommended that the Committee note the latest position regarding the Council's Capital Expenditure programme for 2001/02.

3 FINANCIAL IMPLICATIONS

- 3.1 This report shows the spend on capital projects to 31 August 2001 compared with the latest outturn on capital expenditure for 2001/02. The spend to 31 August 2001 is £2.233m which is 18% of the projected capital expenditure in 2001/02 of £12.175m.
- 3.2 The bulk of the Council's Capital Expenditure in 2001/02 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 2001/02 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 18 June 2001 approved the 2001/02 Capital Budget for Housing HRA (Report No 342-2001) and the 2001/02 Capital Budget for General Services (Report No 353-2001).

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 2001/02 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 August 2001. 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 £12.175m is £458,000 higher than the approved capital budget of £11.717m. The main reasons for this are:-

- i Underspend on Caird Hall (Arts & Heritage) £303,000 - the replacement of Seating £270,000 and Caird Hall Improvements £33,000 will not be required in 2001/02. These projects are being deferred until 2002/03 to allow possible sources of external funding to be pursued.
- ii Underspend within Economic Development capital being: Estates Servicing - Claverhouse East - £250,000. Loans & Grants - £50,000 and Business Support £50,000. These projects are being deferred to free up Capital budget to allow the transfer of projects from Revenue to Capital to reduce the projected overspend on the 2001/02 Revenue Budget.
- iii Additional expenditure within Education of £321,000. Scottish Executive has awarded additional capital consent for School Buildings Improvements.
- iv Additional expenditure of £650,000 on the purchase of Burns & Harris site at West Marketgait (Economic Development).
- v Additional expenditure on Units K and P (Economic Development) of £30,000. This expenditure relates to agreeing the final account with the Contractor.
- vi Additional expenditure on Tayside House (Economic Development) of £60,000. This expenditure relates to the professional fees associated with works to chillers, boilers and lift in Tayside House during 2002/03. The works elements of these projects will be financed from leasing and an allowance will be included within future Revenue Budgets to cover the associated leasing costs.

8.2 The latest projection of capital resources of £12.188m is £1.291m greater than the original budget estimate of £10.897m. The main reason for this is:

- i Supplementary Capital consent from Scottish Executive for Air Quality Monitoring Equipment £50,000 (Environmental & Consumer Protection).
- ii Supplementary Capital consent from Scottish Executive for School Buildings Improvements of £321,000. Education's capital budget has increased by the corresponding amount.
- iii Capital receipts from the sale of the Council's land and buildings has increased by £755,000.

iv The projected overspend in 2000/01, carried forward into 2001/02, is less than what was anticipated when the 2001/02 Capital Budget was prepared. This increased the projected resources in 2001/02 by £165,000.

8.3 Based on latest projections the 2001/02 capital expenditure is now projected at 100% 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 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 £9.297m is £1.321m lower than the original budget, due to anticipated slippage in MSD Fabric/Estate Strategies and Rewiring Programme.

10.2 The latest projection of capital resources of £9.297m is £64,000 higher than the original budget due to receipts from Council House sales being slightly higher than anticipated.

10.3 Based on the latest projections, capital expenditure is now projected at 100% of projected capital resources.

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

11.1 The latest of gross capital expenditure is £2.715m. This expenditure will be financed from a capital allocation from the Scottish Executive of £590,000 for 2001/02 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 2001/02

<u>DEPARTMENT / SERVICE</u>	<u>Approved Capital Estimates 2001/02</u> <u>£000</u>	<u>Revised Capital Estimates 2001/02</u> <u>£000</u>	<u>Actual Spend to 31-Jul-01</u> <u>£000</u>	<u>Actual Spend to 31-Aug-01</u> <u>£000</u>	<u>Projected Outturn 2001/02</u> <u>£000</u>	<u>Spend as a % of Projected Outturn</u> <u>%</u>
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A. SUBJECT TO SINGLE SCOTTISH OFFICE ALLOCATION

Capital Expenditure 2001/02

Education	1,818	2,154	97	466	2,154	22
Social Work	1,349	1,364	334	468	1,364	34
Planning & Transportation	1,787	1,772	171	220	1,772	12
Leisure & Parks	1,456	1,456	5	69	1,456	5
Neighbourhood Resources	881	881	24	37	881	4
Arts	504	504	8	9	201	4
Economic Development	1,728	2,468	75	79	2,118	4
Environment & Consumer Protection	570	570	4	21	570	4
Chief Executive	340	340	0		340	0
Joint Boards/Committees	7	7	7	7	7	100
Housing (Non-HRA)	1,277	1,312	770	857	1,312	65

Capital Expenditure 2001/02

11,717	12,828	1,495	2,233	12,175	18
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Capital Resources 2001/02

Carry Forward from 2000/2001	(199)	(199)			(34)
Single Capital Allocation	9,286	9,286			9,286
Supplementary Consent - Cycling, Walking & Safer Streets	82	82			82
Supplementary Consent - Air Quality Monitoring	0	50			50
Supplementary Consent - School Building Programme		321			321

Capital Receipts

ERDF/Contributions	150	150			150
Insurance Receipts	199	199			199
Net Asset Sales (£2.304m less pre-sale exp £170k)	1,379	1,379			2,134

Capital Resources 2001/02

10,897	11,268	0	0	12,188
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Capital Expenditure as % of Capital Resources

108%	114%			100%
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B. SUBJECT TO SPECIFIC SCOTTISH OFFICE ALLOCATIONS

Capital Expenditure 2001/02

Public Transport Fund (Planning & Transportation)	842	842	64	338	842	40
Dundee Airport (Economic Development)	715	715	192	262	715	37

1,557	1,557	256	600	1,557
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Capital Resources 2001/02

Specific Capital Allocations	1,557	1,557			1,557
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Capital Expenditure as % of Capital Resources

100%	100%			100%
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