

REPORT TO: FINANCE COMMITTEE - 12 NOVEMBER 2001

REPORT ON: CAPITAL EXPENDITURE MONITORING 2001/02

REPORT BY: DIRECTOR OF FINANCE

REPORT NO: 690-2001

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 30 September 2001 compared with the latest outturn on capital expenditure for 2001/02. The spend to 30 September 2001 is £2.897m which is 23% of the projected capital expenditure in 2001/02 of £12.485m.
- 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 30 September 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 £12.485m is £768,000 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, Emmock Woods - £250,000, Loans & Grants - £50,000 and Business Support £50,000.
- iii Additional expenditure within Education of £321,000. Scottish Executive has awarded additional capital consent for School Buildings Improvements.
- iv Additional expenditure within Education of £200,000. This additional expenditure relates to the installation of Cavity Barriers in roof spaces and large ducts.
- v Additional expenditure of £650,000 on the acquisition of a business property (Economic Development).
- vi Additional expenditure on Units K and P (Economic Development) of £30,000. This expenditure relates to settlement of the final account with the Contractor.
- vii 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.
- viii Additional expenditure on Loans (Economic Development) of £400,000. This is a loan to Dovetail Enterprises which was approved by the Economic Development Committee on 18 December 2000 and is being funded from additional capital receipts.

- 8.2 The latest projection of capital resources of £12.748m is £1.851m 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 Supplementary Capital consent from Scottish Executive for Elms Close Support Unit of £150,000 (Social Work). Social Work's capital budget already includes this expenditure.
 - iv Capital receipts from the sale of the Council's land and buildings has increased by £1.165m.
 - v The projected overspend in 2000/01, carried forward into 2001/02, is less than that 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 98% of projected capital resources. Officers are working to identify additional capital resources, which are not shown within this report, to be used to reduce the projected overspend in Revenue. The Capital Monitoring report, at this time, does not include any projects transferred from Revenue.

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 £9.308m is £1.310m 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 £9.308m is £75,000 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 £2.476m. 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-Aug-01</u> <u>£000</u>	<u>Actual Spend to 30-Sep-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	2,304	466	711	2,304	31
Social Work	1,349	1,364	468	615	1,364	45
Planning & Transportation	1,787	1,772	220	220	1,772	12
Leisure & Parks	1,456	1,456	69	150	1,456	10
Neighbourhood Resources	881	881	37	74	881	8
Arts	504	504	9	9	201	4
Economic Development	1,728	2,608	79	93	2,418	4
Environment & Consumer Protection	570	570	21		570	0
Chief Executive	340	200			200	0
Joint Boards/Committees	7	7	7	7	7	100
Housing (Non-HRA)	1,277	1,312	857	1,018	1,312	78

Capital Expenditure 2001/02

	11,717	12,978	2,233	2,897	12,485	23
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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		50			50	
Supplementary Consent - School Building Programme		321			321	
Supplementary Consent - Elms Close Support Unit		150			150	

Capital Receipts

ERDF/Contributions	150	150		1	150	
Insurance Receipts	199	199			199	
Net Asset Sales (£2.6.44m less pre-sale exp £100k)	1,379	1,379		327	2,544	

Capital Resources 2001/02

	10,897	11,418	0	328	12,748	
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Capital Expenditure as % of Capital Resources

	108%	114%			98%	
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B. SUBJECT TO SPECIFIC SCOTTISH OFFICE ALLOCATIONS

Capital Expenditure 2001/02

Public Transport Fund (Planning & Transportation)	842	842	338	338	842	40
Dundee Airport (Economic Development)	715	715	262	270	715	38
	1,557	1,557	600	608	1,557	

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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DUNDEE CITY COUNCIL**CAPITAL EXPENDITURE MONITORING 2001/02**

<u>DEPARTMENT / SERVICE</u>	<u>Approved Capital Estimates 2001/02 £000</u>	<u>Revised Capital Estimates 2001/02 £000</u>	<u>Actual Spend to 31-Aug-01 £000</u>	<u>Actual Spend to 30-Sep-01 £000</u>	<u>Projected Outturn 2001/02 £000</u>	<u>Spend as a % of Projected Outturn %</u>
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C. SUBJECT TO SCOTTISH OFFICE HOUSING HRA ALLOCATION**Capital Expenditure 2001/02**

Housing HRA	10,618	10,618	1,772	2,607	9,308
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Capital Resources 2001/02

Carry Forward from 2000/2001	0	0			0
Single Capital Allocation	8,436	8,436			8,436
Useable Capital Receipts	797	797			872
	9,233	9,233			9,308

Capital Expenditure as % of Capital Resources	115%	115%			100%
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D. NEW HOUSING PARTNERSHIP (ARDLER REGENERATION PROGRAMME 2001/02)**Capital Expenditure 2001/02**

Expenditure Funded from Allocation	590	590	125	376	590
Expenditure Funded from Capital Receipts	2,047	2,125	456	815	1,886
	2,637	2,715	581	1,191	2,476

Capital Resources 2001/02

Carry Forward 2000/2001	0	0			0
Capital Allocation 2001/02	590	590			590

Capital Receipts

Carry Forward Unutilised Receipts 2000/2001	305	305	305	305	305
ERDF	109	109			275
SET	175	175			175
Education	0	25			0
Scottish Homes	620	620	292	292	292
Sale of Assets	1,898	1,848	408	649	999
	3,697	3,672	1,005	1,246	2,636

Capital Expenditure as % of Capital Resources	71%	74%			94%
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