

**REPORT TO: FINANCE COMMITTEE - 21 OCTOBER 2002**

**REPORT ON: CAPITAL EXPENDITURE MONITORING 2002/03**

**REPORT BY: DIRECTOR OF FINANCE**

**REPORT NO: 704-2002**

**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 August 2002 compared with the latest outturn on capital expenditure for 2002/03. The spend to 31 August 2002 is £2,293,000 which is 18% of the projected capital expenditure in 2002/03 of £12.522m.
- 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 August 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 £12.522m is £458,000 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 £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 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.
- vi 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.
- vii Reduction in expenditure of £79,000 on the Baldovie Redevelopment (Environmental & Consumer Protection).

8.2 The latest projection of capital resources of £11.708m is £464,000 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 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 107% 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 £12.614m is £405,000 less than the original budget, due to:

- i The Director of Housing has undertaken 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 £12.225m is £904,000 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 103% of projected capital resources.

## **11 NEW HOUSING PARTNERSHIP (ARDLER REGENERATION PROGRAMME 2002/03)**

- 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**

DEPARTMENT / SERVICE	Approved		Revised		Actual	Actual	Projected	Spend as
	Capital		Capital		Spend to	Spend to	Outturn	a % of
	Estimates	Virements	Estimates		31 July 2002	31 August 2002	2002/03	Projected
	2002/03		2002/03		£000	£000	£000	Outturn
	£000	£000	£000		£000	£000	£000	%
<b>A. SUBJECT TO SINGLE SCOTTISH OFFICE ALLOCATION</b>								
<b>Capital Expenditure 2002/03</b>								
Education	1,835		1,835		939	395	1,985	20
Social Work	1,100	339	1,439		429	520	1,439	36
Planning & Transportation	2,319		2,319		73	123	2,319	5
Leisure & Arts	1,405	(57)	1,348		211	516	1,348	38
Neighbourhood Resources	661	11	672		10	18	472	4
Economic Development	1,525	20	1,545		86	143	1,545	9
Environment & Consumer Protection	971	410	1,381		33	159	1,302	12
Chief Executive	597		597		12	20	461	4
Joint Boards/Committees	4		4		4	4	4	100
Housing (Non-HRA)	1,647		1,647		293	395	1,647	24
Capital Expenditure 2002/03	12,064	723	12,787		2,090	2,293	12,522	18
<b>Capital Resources 2002/03</b>								
Carry Forward from 2001/2002			(167)				(167)	
Single Capital Allocation	8,489		8,489				8,489	
Supplementary Consent - Cycling, Walking & Safer Streets	105		125				125	
Supplementary Consent - School Building Improvements			715				715	
Supplementary Consent - Air Quality Monitoring			43				43	
Supplementary Consent - Contaminated Land			142				142	
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	
Net Asset Sales (net pre-sale expenditure)	3,550		3,550				2,950	
Capital Resources 2002/03	11,244		12,308	0	0	0	11,708	
Estimated Projected Overspend	107%		104%				107%	

**B. SUBJECT TO SPECIFIC SCOTTISH OFFICE ALLOCATIONS**

<b>Capital Expenditure 2002/03</b>								
Public Transport Fund (Planning & Transportation)	2,171		2,171		55	67	2,171	3
Dundee Airport (Economic Development)	993		993		21	50	993	5
	3,164	0	3,164	76	117	3,164		4
<b>Capital Resources 2002/03</b>								
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**

<b>DEPARTMENT / SERVICE</b>	<u>Approved</u>		<u>Revised</u>	<u>Actual</u>	<u>Actual</u>	<u>Projected</u>	<u>Spend as</u>
	<u>Capital</u>		<u>Capital</u>	<u>Spend to</u>	<u>Spend to</u>	<u>Outturn</u>	<u>a % of</u>
	<u>Estimates</u>	<u>Virements</u>	<u>Estimates</u>	<u>31 July 2002</u>	<u>31 August 2002</u>	<u>2002/03</u>	<u>Projected</u>
	<u>2002/03</u>		<u>2002/03</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>Outturn</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	115	117	196
Heating for All - DCC Funding	4,096		4,096	328	615	4,250
Heating for All - Scottish Executive Funding	3,568		3,568	1,098	1,474	4,100
Community Care	670		670	137	172	423
Estate Strategies	1,165		1,165	78	94	1,130
Rewire/Security	1,026		1,026	51	56	473
Roof Repairs/Renewal	1,683		1,683	141	215	1,650
MSD Fabric	495		495	17	49	392

Capital Expenditure 2002/03	13,019		13,019	1,965	2,792	12,614
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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			976
	11,321	0	12,234			12,225

Capital Expenditure as % of Capital Resources	115%		106%			103%
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**D. NEW HOUSING PARTNERSHIP (ARDLER REGENERATION PROGRAMME 2002/03)**

**Capital Expenditure 2002/03**

Expenditure Funded from S94 Consent	290		290	4	25	290
Expenditure Funded from Capital Receipts	770		770	29	78	770
	1,060	0	1,060	33	103	1,060

**Capital Resources 2001/02**

S94 Consent	290		290			290
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**Capital Receipts**

ERDF	325		325	322	398	325
SET	75		75	75	75	75
Scottish Homes	328		328			328
Sale of Assets	1,212		1,212	(8)	(8)	1,212
	1,940	0	1,940	389	465	1,940

Capital Expenditure as % of Capital Resources	55%		55%			55%
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