

REPORT TO: FINANCE COMMITTEE - 10 FEBRUARY 2003
REPORT ON: CAPITAL EXPENDITURE MONITORING 2002/03
REPORT BY: DIRECTOR OF FINANCE
REPORT NO: 88-2003

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 December 2002 compared with the latest outturn on capital expenditure for 2002/03. The spend to 31 December 2002 is £6.654m which is 48% of the projected capital expenditure in 2002/03 of £13.991m.

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 December 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 £13.991m is £1.920m 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 Additional Expenditure of £42,000 on the demolition of St Mary's Centre, (Neighbourhood Resources), as the site is currently subject to vandalism on a regular basis. The cleared site will hopefully generate a future capital receipt.
- vi Additional expenditure of £357,000 in 2002/03 on the refurbishment of East Port House (Social Work) to accommodate the transfer of the Criminal Justice Teams from Friarfield House (to accommodate the Drug Treatment and Testing service). Additional S94 consent has been issued by the Scottish Executive to cover this expenditure.
- vii Additional expenditure of £7.1m on the reinstatement of Morgan Academy as a result of the fire last year. It is estimated that the Council should receive approximately £6.1m in Insurance Receipts during 2002/03, leaving £1m cash shortfall. The Scottish Executive has given approval for the Council to exceed its 10% carry forward limit for any shortfall on Morgan. This is purely a cashflow issue and the £1m will be recovered by insurance receipts in 2003/04.
- viii Additional expenditure of £150,000 on Upgrading Science and Home Economic Classrooms in Schools (Education). Two Science classrooms in Baldragon Academy and one in Craigie High School and Menzieshill High School, are going to be upgraded at a cost of £160,000. The remaining £10,000 can be found from within Education's Capital Programme 2002/03 and 2003/04.

- ix 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.
- x 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.
- xi Reduction in expenditure of £79,000 on the Baldovie Redevelopment (Environmental & Consumer Protection).
- xii Reduction in expenditure of £100,000 for Road Improvements (Planning and Transportation) due to the work not being able to proceed this financial year.

8.2 The latest projection of capital resources of £13.510m is £2.266m 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 Additional S94 Consent issued by Scottish Executive for the Refurbishment of East Port House - £446,000.
- iii Additional S94 consent issued by Scottish Executive for Contaminated Land at former Baldovie Incinerator and Dens Metal Foundry of £215,000.
- iv Additional allocation issued by Scottish Executive for Morgan Academy Fire Reinstatement - estimated at £1m.
- v 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.
- vi Increased resources of £100,000 as a result of corporate contribution from a developer being received this year, but the associated budgeted expenditure not now required until future years.
- vii Reduction in net asset sales of £100,000 as a result of receipts which were anticipated to be received in 2002/03 slipping into next financial year.
- viii 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.
- ix Reduction in capital resources consent as a result of the transfer of £459,000 S94 Capital Consent to Revenue Grant to fund PPP Development costs.

8.3 Based on latest projections the 2002/03 capital expenditure is now projected at 104% of projected capital resources. The Director of Finance is continually monitoring the capital programme to ensure this percentage stays within agreed Scottish Executive limits.

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 Dundee Airport.

The Public Transport Fund is currently projecting an underspend of £532,000, as a result of slippage on the project "Bringing Confidence into Public Transport".

10 DEPARTMENTS/SERVICES SUBJECT TO SCOTTISH EXECUTIVE HOUSING HRA ALLOCATION

The latest projection of capital expenditure of £12.086m is £933,000 less than the original budget, due to slippage on integration and rewiring/security programmes. The projected capital expenditure includes a transfer of expenditure from planned maintenance, to alleviate the overspend on revenue.

- 10.1 The latest projection of capital resources of £12.086m is £765,000 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 100% of projected capital resources.

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

- 11.1 The latest projection of gross capital expenditure is £716,000. 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.

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

29 JANUARY 2003

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 Capital Estimates 2002/03</u> <u>£000</u>	<u>Supplementary Consents/Virements</u> <u>£000</u>	<u>Revised Capital Estimates 2002/03</u> <u>£000</u>	<u>Actual Spend to 30 November 2002</u> <u>£000</u>	<u>Actual Spend to 31 December 2002</u> <u>£000</u>	<u>Projected Outturn 2002/03</u> <u>£000</u>	<u>Spend as a % of Projected Outturn</u> <u>%</u>
A <u>SUBJECT TO SINGLE SCOTTISH OFFICE ALLOCATION</u>							
<u>Capital Expenditure 2002/03</u>							
Education	1,835	1,300	3,135	2,342	2,726	3,135	87
Social Work	1,100	810	1,910	633	662	1,821	36
Planning & Transportation	2,319	(20)	2,299	582	676	2,199	31
Leisure & Arts	1,405	29	1,434	1,424	705	1,434	49
Neighbourhood Resources	661	53	714	77	120	514	23
Economic Development	1,525	58	1,583	318	355	1,583	22
Environment & Consumer Protection	971	410	1,381	404	443	1,302	34
Chief Executive	597	(109)	488	102	141	352	40
Joint Boards/Committees	4		4	4	4	4	100
Housing (Non-HRA)	1,647		1,647	675	822	1,647	50
Capital Expenditure 2002/03	12,064	2,531	14,595	6,561	6,654	13,991	48
<u>Capital Resources 2002/03</u>							
Carry Forward from 2001/2002		(167)	(167)	(167)	(167)	(167)	
Single Capital Allocation	8,489		8,489	8,489	8,489	8,489	
Supplementary Consent - Cycling, Walking & Safer Streets	105	20	125	125	125	125	
Supplementary Consent - School Building Improvements		715	715	715	715	715	
Supplementary Consent - Air Quality Monitoring		43	43	43	43	43	
Supplementary Consent - Contaminated Land		142	142	142	142	142	
Supplementary Consent - East Port House Refurbishment		446	446	446	446	446	
Supplementary Consent - Baldovie/Dens Road		215	215	215	215	215	
Transfer of S94 Consent	(1,000)		(1,000)	(1,000)	1,000	(1,000)	
Transfer of S94 Consent to Revenue - PPP		(459)	(459)	459	(459)	(459)	
Morgan Academy Fire Reinstatement Additional Allocation		1,000	1,000	1,000	1,000	1,000	
Capital Receipts							
Transfer Receipts from NHP to cover o/s in 2001/02		291	291	291	291	291	
ERDF/Contributions (incl DIA) + P&T contribution £100k	100	20	120	117	137	220	
Net Asset Sales (net pre-sale expenditure)	3,550		3,550	2,025	2,542	3,450	
Capital Resources 2002/03	11,244	2,266	13,510	11,982	12,519	13,510	
Estimated Projected Overspend	107%		108%			104%	
B <u>SUBJECT TO SPECIFIC SCOTTISH OFFICE ALLOCATIONS</u>							
<u>Capital Expenditure 2002/03</u>							
Public Transport Fund (Planning & Transportation)	2,171		2,171	776	795	1,639	49
Dundee Airport (Economic Development)	993		993	594	781	993	79
Capital Resources 2002/03	3,164		3,164	1,370	1,576	2,632	60

Specific Capital Allocations

3,164		3,164
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3,164

Capital Expenditure as % of Capital Resources

100%

100%

83%

DUNDEE CITY COUNCIL - CAPITAL EXPENDITURE MONITORING 2002/03

<u>DEPARTMENT/SERVICE</u>	<u>Approved Capital Estimates 2002/03</u> <u>£000</u>	<u>Supplementary Consents/ Virements</u> <u>£000</u>	<u>Revised Capital Estimates 2002/03</u> <u>£000</u>	<u>Actual Spend to 30 November 2002</u> <u>£000</u>	<u>Actual Spend to 31 December 2002</u> <u>£000</u>	<u>Projected Outturn 2002/03</u> <u>£000</u>	<u>Spend as a % of Projected Outturn</u> <u>%</u>
C <u>SUBJECT TO SCOTTISH OFFICE HOUSING HRA ALLOCATION</u>							
<u>Capital Expenditure 2002/03</u>							
Windows for All	316		316	145	146	198	74
Heating for All - DCC Funding	4,096		4,096	1,647	2,290	3,990	57
Heating for All - Scottish Executive Funding	3,568		3,568	2,300	2,674	3,925	68
Community Care	670		670	260	281	403	70
Estate Strategies	1,165		1,165	451	498	805	62
Rewire/Security	1,026		1,026	80	80	460	17
Roof Repairs/Renewal	1,683		1,683	590	731	1,913	52
MSD Fabric	495		495	116	165	392	42
Capital Expenditure 2002/03	13,019		13,019	5,589	6,865	12,086	59
<u>Capital Resources 2002/03</u>							
Carry Forward from 2001/2002			191			191	
Single Capital Allocation	8,436		8,436			8,436	
Central Heating Initiative - S94 Consent	1,900		2,622			2,357	
Useable Capital Receipts	985		985			1,102	
	11,321		12,234			12,086	
Capital Expenditure as % of Capital Resources	115%		106%			96%	
D <u>NEW HOUSING PARTNERSHIP (ARDLER REGENERATION PROGRAMME 2002/03)</u>							
<u>Capital Expenditure 2002/03</u>							
Expenditure Funded from S94 Consent	290		290	45	50	260	19
Expenditure Funded from Capital Receipts	770		770	186	196	456	43
	1,060		1,060	231	246	716	34
<u>Capital Resources 2001/02</u>							
S94 Consent	290		290			290	
<u>Capital Receipts</u>							
ERDF	325		325	407	407	407	
SET	75		75	75	75	75	
Scottish Homes	328		328			-	
Sale of Assets	1,212		1,212	(8)	1,212	1,212	
	1,940		1,940	474	1,694	1,694	
Capital Expenditure as % of Capital Resources	55%		55%			42%	