

**REPORT TO: FINANCE COMMITTEE - 11 FEBRUARY 2002**

**REPORT ON: CAPITAL EXPENDITURE MONITORING 2001/02**

**REPORT BY: DIRECTOR OF FINANCE**

**REPORT NO: 95-2002**

## **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 December 2001 compared with the latest outturn on capital expenditure for 2001/02. The spend to 31 December 2001 is £7.200m which is 49% of the projected capital expenditure in 2001/02 of £14.696m.
- 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 December 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 £14.696m is £2.979m higher than the approved capital budget of £11.717m. The main reasons for this are:-
- i Underspend on Caird Hall (Arts & Heritage) £295,000 - the replacement of Seating £270,000 and Caird Hall Improvements £25,000 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 Underspend within Leisure & Parks capital on Baxter Park - £62,000. This saving will be carried forward into future years to fund revised phasing of expenditure.
  - iv Saving of £95,000 on Dundee Rep Loan (Arts & Heritage). This loan will not now require to be made to Dundee Rep.
  - v Underspend within Education of £67,000. This saving is on general maintenance and improvements of properties.
  - vi Underspend within Planning & Transportation Capital on North East Arterial - £150,000 due to delays in progressing this project. This expenditure will slip into future years.
  - vii Additional expenditure within Education of £321,000. Scottish Executive has awarded additional capital consent for School Buildings Improvements.
  - viii Additional expenditure within Education of £120,000. This additional expenditure relates to the installation of Cavity Barriers in roof spaces and large ducts.
  - ix Additional expenditure of £677,000 on the acquisition of a business property (Economic Development).
  - x 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.

- x i Additional expenditure of £1.350m on Refurbishment of Friarfield House (Social Work). This expenditure will be funded from the sale of the building prior to 31 March 2002 (assuming works have been finished and final completion certificate issued.)
- x ii Additional expenditure of £82,000 on Cycling, Walking and Safer Streets (Planning & Transportation). Scottish Executive awarded additional capital consent for Cycling, Walking and Safer Streets.
- x iii Additional expenditure on major redevelopment of Marchbanks Cleansing Depot to reduce health and safety hazards and provide a safe working environment (Environmental & Consumer Protection) - £1.300m. The Scottish Executive has awarded additional consent to cover these works which were previously going to be financed from CFCR.

8.2 The latest projection of capital resources of £14.696m is £3.799m greater than the original budget estimate of £10.897m. The main reasons for this are:

- 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 Supplementary Capital consent from Scottish Executive for Redevelopment of Marchbanks Depot (Environmental & Consumer Protection) - £1.300m. See 8.1(xiii) above.
- v Capital receipts from the sale of the Council's land and buildings has increased by £1.899m (including receipt from sale of Friarfield House).
- vi 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.
- vii Reduction in projected income from Insurance Receipts of £66,000 as a result of various costs - eg security, demolition costs requiring to be netted off the capital receipt.

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 £9.549m is £1.069m lower than the original budget, due to anticipated slippage in MSD Fabric/Estate Strategies, Security and Rewiring Programme and tenders coming in lower than anticipated.
- 10.2 The latest projection of capital resources of £9.549m is £316,000 higher than the original budget due to receipts from Council House sales being slightly higher than anticipated and carry forward of underspend from 2000/01 into 2001/02, being greater than predicted.
- 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 projection of gross capital expenditure is £2.569m. 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**

<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>Estimates</u>	<u>30-Nov-01</u>	<u>31-Dec-01</u>	<u>2001/02</u>	<u>Projected</u>
	<u>2001/02</u>	<u>2001/02</u>	<u>30-Nov-01</u>	<u>31-Dec-01</u>	<u>2001/02</u>	<u>Outturn</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>%</u>

**A. SUBJECT TO SINGLE SCOTTISH OFFICE ALLOCATION**

**Capital Expenditure 2001/02**

Education	1,818	2,304	898	1,070	2,153	50
Social Work	1,349	2,714	885	1,172	2,714	43
Planning & Transportation	1,787	1,854	463	668	1,704	39
Leisure & Parks	1,456	1,456	439	608	1,369	44
Neighbourhood Resources	881	881	130	223	881	25
Arts	504	504	12	17	67	25
Economic Development	1,728	3,045	973	1,010	2,519	40
Environment & Consumer Protection	570	1,870	944	1,224	1,870	65
Chief Executive	340	200			100	0
Joint Boards/Committees	7	7	7		7	0
Housing (Non-HRA)	1,277	1,312	1,151	1,208	1,312	92

<b>Capital Expenditure 2001/02</b>	<b>11,717</b>	<b>16,147</b>	<b>5,902</b>	<b>7,200</b>	<b>14,696</b>	<b>49</b>
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**Capital Resources 2001/02**

Carry Forward from 2000/2001	(199)					
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	
Supplementary Consent - Marchbanks Depot		1,300			1,300	

**Capital Receipts**

ERDF/Contributions (£96k plus £34k c/f trans to NHP)	150	116	3	3	96	
Insurance Receipts	199	199		133	133	
Net Asset Sales (£3.378m less pre-sale exp £100k)	1,379	3,921	430	458	3,278	

<b>Capital Resources 2001/02</b>	<b>10,897</b>	<b>15,425</b>	<b>433</b>	<b>594</b>	<b>14,696</b>	
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<b>Capital Expenditure as % of Capital Resources</b>	<b>108%</b>	<b>105%</b>			<b>100%</b>	
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**B. SUBJECT TO SPECIFIC SCOTTISH OFFICE ALLOCATIONS**

**Capital Expenditure 2001/02**

Public Transport Fund (Planning & Transportation)	842	842	531	532	842	63
Dundee Airport (Economic Development)	715	715	321	374	715	52
	<b>1,557</b>	<b>1,557</b>	<b>852</b>	<b>906</b>	<b>1,557</b>	<b>58</b>

**Capital Resources 2001/02**

Specific Capital Allocations	<b>1,557</b>	<b>1,557</b>			<b>1,557</b>	
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<b>Capital Expenditure as % of Capital Resources</b>	<b>100%</b>	<b>100%</b>			<b>100%</b>	
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**DUNDEE CITY COUNCIL****CAPITAL EXPENDITURE MONITORING 2001/02**

<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>Estimates</u>	<u>30-Nov-01</u>	<u>31-Dec-01</u>	<u>2001/02</u>	<u>Projected</u>
	<u>2001/02</u>	<u>2001/02</u>	<u>30-Nov-01</u>	<u>31-Dec-01</u>	<u>2001/02</u>	<u>Outturn</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>%</u>

**C. SUBJECT TO SCOTTISH OFFICE HOUSING HRA ALLOCATION****Capital Expenditure 2001/02**

Housing HRA	10,618	10,618	4,175	5,099	9,549
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**Capital Resources 2001/02**

Carry Forward from 2000/2001	0	158			158
Single Capital Allocation	8,436	8,436			8,436
Useable Capital Receipts	797	797			955
	9,233	9,391			9,549

<b>Capital Expenditure as % of Capital Resources</b>	<b>115%</b>	<b>113%</b>			<b>100%</b>
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**D. NEW HOUSING PARTNERSHIP (ARDLER REGENERATION PROGRAMME 2001/02)****Capital Expenditure 2001/02**

Expenditure Funded from Allocation	590	590	421	452	590
Expenditure Funded from Capital Receipts	2,047	2,125	1,293	1,593	1,979
	2,637	2,715	1,714	2,045	2,569

**Capital Resources 2001/02**

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

**Capital Receipts**

Carry Forward Unutilised Receipts 2000/01 & transfer of Receipts	305	305	305	305	305
ERDF	109	109		110	305
SET	175	175	75	75	175
Scottish Homes	620	620	292	292	292
Sale of Assets	1,898	1,848	649	649	999
	3,697	3,647	1,321	1,431	2,666

<b>Capital Expenditure as % of Capital Resources</b>	<b>71%</b>	<b>74%</b>			<b>96%</b>
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