

REPORT TO: FINANCE COMMITTEE - 8 SEPTEMBER 2003

REPORT ON: CAPITAL EXPENDITURE MONITORING 2003/04

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 564-2003

1 PURPOSE OF REPORT

- 1.1 To appraise Elected Members of the latest position regarding the Council's Capital Expenditure programme for 2003/04.

2 RECOMMENDATION

- 2.1 It is recommended that the Committee note the latest position regarding the Council's Capital Expenditure programme for 2003/04.

3 FINANCIAL IMPLICATIONS

- 3.1 This report shows the spend on capital projects to 31 July 2003 compared with the latest outturn on capital expenditure for 2003/04. The spend to 31 July 2003 is £3.228m which is 23% of the projected capital expenditure in 2003/04 of £13.758m.
- 3.2 The bulk of the Council's Capital Expenditure in 2003/04 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 2003/04 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 10 March 2003 approved the 2003/04 Capital Plan for General Services & Housing HRA (Report No 238-2003).

7 CURRENT POSITION

- 7.1 The Depute Chief Executive (Finance) and the City Architectural Services Officer, in conjunction with the other Chief Officers of the Council, are closely monitoring the 2003/04 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 July 2003. 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 £13.758m is £1.308m higher than the original capital budget of £12.450m. The main reasons for this are:-

- i Additional expenditure of £250,000 on fees for Non-PPP schools (Education). This will be funded from Scottish Executive additional consent (see 8.2(i) below).
- ii Additional expenditure of £142,000 for Contaminated Land (Environmental & Consumer Protection). This expenditure is funded from Scottish Executive additional consent (see 8.2(i) below).
- iii Additional expenditure of £710,000 on Waterfront Redevelopment (Chief Executive). This expenditure will be funded from Scottish Executive additional consent (see 8.2(i) below)
- iv Additional expenditure of £390,000 on various projects where there was slippage as at 31 March 2003. This additional expenditure will be funded from capital receipts, that also slipped from 2002/03 into 2003/04.
- v Saving of £94,000 on covenant repayment for Grove Academy (Education). This expenditure has been deferred into 2004/05 when all the outstanding debt on the covenant for Grove will require to be repaid. An allowance for this will be included in the draft capital plan 2003-2007.
- vi Saving of £90,000 on Implementation of Verification Framework (Finance). Project now funded from Revenue Budget, where the cost is partly offset by a grant.

8.2 The latest projection of capital resources of £12.948m is £1.673m higher than the original budget estimate of £11.275m. The main reasons for this are:

- i Additional S94 Consents issued by Scottish Executive, for Contaminated Land (Environmental & Consumer Protection) - £142,000, School Estate Strategy (Education) - £934,000, City Growth Fund (Chief Executive) - £710,000 and Air Quality Monitoring (Environmental and Consumer Protection) - £40,000.
- ii Increased resources of £241,000 as a result of the actual overspend at 31 March 2003 being less than was originally anticipated when the capital budget was prepared.
- iii Reduction in net asset sales of £394,000 as a result of capital receipts slipping; into 2004/05.

- 8.3 Based on latest projections the 2003/04 capital expenditure is now projected at 106% of projected capital resources. The Depute Chief Executive (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.

A carry-forward balance of £16,000 has been allocated for the Public Transport Fund.

10 DEPARTMENTS/SERVICES SUBJECT TO SCOTTISH EXECUTIVE HOUSING HRA ALLOCATION

The latest projection of capital expenditure of £11.819m is £1.195m less than the revised budget, due to an anticipated slippage allowance across the Housing HRA capital programme.

- 10.1 The latest projection of capital resources of £11.819m is £762,000 higher than the original budget due to-
- i Additional resources due to there being an underspend of £206,000 on allocation in 2002/03 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 2003/04)

- 11.1 The latest projection of gross capital expenditure is £1.188m. 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 Depute Chief Executive (Support Services) have been consulted in the preparation of this report.

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DEPUTE CHIEF EXECUTIVE (FINANCE)

25 AUGUST 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 2003/04

<u>DEPARTMENT/SERVICE</u>	<u>Approved Capital Estimates 2003/04 £000</u>	<u>Supplementary Consents/ Virements £000</u>	<u>Revised Capital Estimates 2003/04 £000</u>	<u>Actual Spend to 30 June 2003 £000</u>	<u>Actual Spend to 31 July 2003 £000</u>	<u>Projected Outturn 2003/04 £000</u>	<u>Spend as a % of Projected Outturn %</u>
A <u>SUBJECT TO SINGLE SCOTTISH OFFICE ALLOCATION</u>							
<u>Capital Expenditure 2003/04</u>							
Education	2,291	290	2,581	532	1,238	2,487	50
Social Work	2,317		2,317	548	934	2,317	40
Planning & Transportation	2,001		2,001	105	403	2,001	20
Leisure & Arts	1,208	(13)	1,195	347	327	1,195	27
Neighbourhood Resources	597	120	717	16	13	717	2
Economic Development	1,705	227	1,932	19	(28)	1,932	(1)
Environment & Consumer Protection	260	288	548	1	9	548	2
Chief Executive/Support Services	440	565	1,005		5	1,005	-
Finance	106	15	121		-	31	-
Dundee Contract Services - Client	50		50		-	50	-
Housing (Non-HRA)	1,475		1,475	280	327	1,475	22
Capital Expenditure 2003/04	12,450	1,492	13,942	1,848	3,228	13,758	23
<u>Capital Resources 2003/04</u>							
Carry Forward from 2002/2003	(567)	241	(326)			(326)	
Single Capital Allocation	9,413		9,413			9,413	
Supplementary Consent - Cycling, Walking & Safer Streets	218		218			218	
Supplementary Consent - Contaminated Land		142	142			142	
Supplementary Consent - School Estate Strategy		934	934			934	
Supplementary Consent - City Growth Fund		710	710			710	
Supplementary Consent - Air Quality Monitoring		40	40			40	
Transfer of S94 Consent to Revenue - PPP	(789)		(789)			(789)	
<u>Capital Receipts</u>							
ERDF/Contributions	100		100			100	
Net Asset Sales (net pre-sale expenditure)	2,900	(394)	2,506			2,506	
Capital Resources 2003/04	11,275	1,673	12,948			12,948	
Estimated Projected Overspend	110%		108%			106%	
B <u>SUBJECT TO SPECIFIC SCOTTISH OFFICE ALLOCATIONS</u>							
<u>Capital Expenditure 2003/04</u>							
Public Transport Fund (Planning & Transportation) - incl carry forward from 2002/03	3,600	16	3,616	272	524	3,616	14
Dundee Airport (Economic Development)	602		602	7	28	602	5
	4,202	16	4,218	279	552	4,218	13
<u>Capital Resources 2003/04</u>							
Specific Capital Allocations	4,202	16	4,218			4,218	
Capital Expenditure as % of Capital Resources	100%		100%			100%	

DUNDEE CITY COUNCIL - CAPITAL EXPENDITURE MONITORING 2003/04

DEPARTMENT/SERVICE	Approved Capital Estimates 2003/04 £000	Supplementary Consents/ Virements £000	Revised Capital Estimates 2003/04 £000	Actual Spend to 30 June 2003 £000	Actual Spend to 31 July 2003 £000	Projected Outturn 2003/04 £000	Spend as a % of Projected Outturn %
C SUBJECT TO SCOTTISH OFFICE HOUSING HRA ALLOCATION							
Capital Expenditure 2003/04							
Windows for All	-	205	205	-	1	205	-
Heating for All - DCC Funding	6,854	1,114	7,968	1,310	1,987	8,530	23
Heating for All - Scottish Executive Funding	2,649	997	3,646	294	658	3,540	19
Lease Heating	(1,942)	(81)	(2,023)	-	(53)	(2,023)	3
Community Care	415	24	439	61	116	439	26
Estate Strategies	745	(158)	587	-	4	587	1
Integrations	90	(9)	81	-	-	1	-
Roof Repairs/Renewal	2,196	(135)	2,061	272	611	2,170	28
Fees & Contingencies	50		50	-	1	50	2
Anticipated Slippage Allowance	-		-	-	-	(1,680)	-
Capital Expenditure 2003/04	11,057	1,957	13,014	1,937	3,325	11,819	28
Capital Resources 2003/04							
Carry Forward from 2002/2003	-	206	206			206	
Single Capital Allocation	8,436		8,436			8,436	
Central Heating Initiative - S94 Consent	1,783	552	2,335			2,335	
Useable Capital Receipts	838	12	850			842	
	11,057	770	11,827			11,819	
Capital Expenditure as % of Capital Resources	100%		110%			100%	
D NEW HOUSING PARTNERSHIP (ARDLER REGENERATION PROGRAMME 2003/04)							
Capital Expenditure 2003/04							
Expenditure Funded from S94 Consent	270		270	8	41	270	15
Expenditure Funded from Capital Receipts	1,017		1,017	2	24	918	3
	1,287		1,287	10	65	1,188	5
Capital Resources 2003/04							
S94 Consent	270		270			270	
Capital Receipts							
Sale of Assets - Carry forward from 2002/03		1,440	1,440		-	1,440	
ERDF	135		135		112	135	
SET	220		220		-	220	
	355	1,440	1,795	-	112	1,795	
Capital Expenditure as % of Capital Resources	363%		72%			66%	