

REPORT TO: FINANCE COMMITTEE - 10 JANUARY 2005

REPORT ON: CAPITAL EXPENDITURE MONITORING 2004/05

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 20-2005

1 PURPOSE OF REPORT

- 1.1 To appraise Elected Members of the latest position regarding the Council's Capital Expenditure programme for 2004/05.

2 RECOMMENDATION

- 2.1 It is recommended that the Committee note the latest position regarding the Council's Capital Expenditure programme for 2004/05.

3 FINANCIAL IMPLICATIONS

- 3.1 This report shows the spend on capital projects to 30 November 2004 compared with the latest outturn on capital expenditure for 2004/05. The spend to 30 November 2004 is £12.612m which is 34% of the projected capital expenditure in 2004/05 of £37.213m.
- 3.2 The Council's Capital Expenditure in 2004/05 will be financed from a combination of capital grants, contributions and asset sales with the remainder being financed from borrowing. This will result in Loan 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 2004/05 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 19 January 2004 approved the 2004/05 Capital Budget for General Services and Housing HRA as part of the Capital Plan 2003-2007 (Report No 27-2004). Housing HRA revised their 2004/05 Capital Programme to take account of 2003/04 actual outturns. This report was approved at Policy & Resources Committee on 14 June 2004 (Report No 408-2004).
- 6.2 From 1 April 2004, S94 capital consents have been replaced by the Prudential Code for Capital Finance. The levels of borrowing are now determined within a Prudential Framework. The framework has been developed as a professional code of practice to support local authorities in taking decisions on capital investment. Local Authorities are now required, by Regulation, to comply with the Prudential Code under Part 7 of the Local Government in Scotland Act 2003.
- 6.3 The Capital Expenditure included in the 2004/05 Capital Budget falls within the Prudential limits approved by the Council.

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 2004/05 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 November 2004. The Appendix is split between Housing - HRA and all other sections.

8 ALL DEPARTMENTS EXCLUDING HOUSING HRA

- 8.1 The latest projection of capital expenditure of £37.213m is £1.585m higher than the original capital budget of £35.628m. The main reasons for this are:-
- i Additional expenditure of £2.300m on an Economic Development interest bearing loan.
 - ii Additional expenditure of £169,000 on various projects where there was slippage on them as at 31 March 2004. The additional expenditure was partially offset by an Insurance receipt that was to be received by 31 March 2004 but was not received until beginning of April.
 - iii Additional expenditure of £428,000 on Public Transport Fund. This is being used to finance new bus shelters within the city.
 - iv Additional expenditure of £200,000 on Unadopted Footpaths (Planning & Transportation). This is to allow for the Unadopted Footpaths' programme to continue during 2004/05.
 - v Additional expenditure of £199,000 on City Square Heating (Economic Development). This is due to the approved cost being greater than was included in the original capital budget 2004/05.
 - vi Additional expenditure of £232,000 on Contaminated Land and Air Quality Monitoring Equipment (Environmental Health/Trading Standards and Scientific Services). This expenditure has slipped from 2003/04.
 - vii Additional expenditure of £760,000 on Housing Non-HRA. The figure included within the original budget was an estimate based on previous years allocations. This additional expenditure will be funded by an increased capital grant from Communities Scotland.
 - viii Reduction in expenditure of £835,000 on Forthill Primary School (Education). This is as a result of the timescale for the works changing from when the budget for 2004/05 was originally approved. This expenditure will move into 2005/06.
 - ix Reduction in expenditure of £446,000 on replacement offices for Kirkton/Balmerino sites (Social Work). This is as a result of the expected completion date shifting from March 2005 to April 2005.
 - x Reduction in expenditure of £392,000 on the Community Regeneration of Ardler Capital Budget. The reduction in expenditure is mainly due to slippage on Ardler Neighbourhood Improvements and Macalpine Road Shops Phase 2. This expenditure will move into 2005/06.

- xi Reduction in expenditure of £60,000 on Multi Storey Car Park (Planning & Transportation). This is as a result of delays in agreeing the design and specification for the Car Park. This expenditure will move into 2005/06.
- xii Reduction in expenditure of £195,000 on Charleston NC (Communities). There has been delays on this project and it is now due to start on-site in 2005/06.
- xiii Reduction in expenditure of £231,000 on Minor Works Programme (Social Work). These monies will require be carried forward into 2005/06.
- xiv Reduction in expenditure of £170,000 on Tayside House Replacement - Fees (Economic Development). This expenditure is being deferred into future years.
- xv Reduction in expenditure of £762,000 due to slippage being identified over various departments.

8.2 The capital expenditure is funded from various sources including capital receipts and resources borrowing. The latest projection of £37.213m is £1.585m higher than the original capital budget figure of £35.628m. The main reasons for this are:-

- i Additional capital grants of £1.262m to cover expenditure including that mentioned in 8.1(iii) and (vii) for Public Transport Fund and Housing Non-HRA.
- ii Additional borrowing of £1.406m required to cover the additional expenditure including that mentioned in 8.1(i) and (vi), offset partially by 8.1(ix).
- iii Reduction in capital receipts, £800,000, required to fund expenditure in 2004/05 due to slippage on projects and the savings exercise as previously mentioned.

9 HOUSING HRA

9.1 The latest projection of capital expenditure of £16.172m is £1.858m lower than the approved budget, due to slippage being highlighted within the Heating Replacement programme and two roughcast projects being deferred until 2005/06. Roof Repairs project at Magdalene Kirkton 2nd Phase 8 and 9 has been brought forward from 2005/06.

9.2 The latest projection of capital resources of £16.055m is £344,000 higher than the approved budget due to an increase in Net Asset Sales.

9.3 Based on the latest estimates, capital expenditure is now projected at 101% of capital resources.

10 CONSULTATION

10.1 The Chief Executive, Depute Chief Executive (Support Services) and Director of Housing have been consulted in the preparation of this report.

11 BACKGROUND PAPERS

11.1 None.

DAVID K DORWARD
DEPUTE CHIEF EXECUTIVE (FINANCE)

1 DECEMBER 2004

DUNDEE CITY COUNCIL - CAPITAL EXPENDITURE MONITORING 2004/05

<u>DEPARTMENT/SERVICE</u>	<u>Approved Capital Budget 2004/05 £000</u>	<u>Adjustments/ Virements £000</u>	<u>Revised Capital Budget 2004/05 £000</u>	<u>Actual Spend to 31 October 2004 £000</u>	<u>Actual Spend to 30 Nov 2004 £000</u>	<u>Projected Outturn 2004/05 £000</u>	<u>Spend as a % of Projected Outturn %</u>
<u>SUBJECT TO SINGLE SCOTTISH OFFICE ALLOCATION</u>							
<u>Capital Expenditure 2004/05</u>							
Education	4,922	(1,033)	3,889	794	1,165	3,699	31
Social Work	7,500	(726)	6,774	2,139	2,695	6,756	40
Planning & Transportation	2,662	457	3,119	727	917	3,059	30
Leisure & Arts	2,247	66	2,313	145	255	2,313	11
Communities	1,263	(50)	1,213	733	859	1,213	71
Economic Development	3,535	2,448	5,983	3,061	3,545	5,983	59
Waste Management	1,320	(41)	1,279	326	483	1,279	38
Environmental Health/Trading Standards/Scientific Services	237	181	418	52	60	418	14
Chief Executive/Support Services	5,589	(496)	5,093	178	322	5,076	6
Finance	16	-	16	16	16	16	100
Dundee Contract Services - Client	50	19	69	-	20	69	29
Housing (Non-HRA)	1,475	794	2,269	630	746	2,269	33
Dundee Airport	620	(31)	589	143	246	589	42
Public Transport Fund	3,615	428	4,043	1,299	1,562	4,043	39
Community Regeneration	577	(146)	431	(382)	(279)	431	(65)
Capital Expenditure 2004/05	35,628	1,870	37,498	9,861	12,612	37,213	34
<u>Capital Resources 2004/05</u>							
Expenditure Funded from Borrowing	18,509	1,406	19,915			19,915	
Capital Grants:							
Cycling, Walking & Safer Streets	236		236			236	
School Estate Strategy	1,952		1,952			1,952	
Contaminated Land	142		142			142	
Air Quality Monitoring	-	40	40			40	
Private Sector Housing Grant	1,475	794	2,269			2,269	
Derelict Land Fund	2,000		2,000			2,000	
Cities Growth Fund	1,930		1,930			1,930	
20mph Speed Limit Around Schools	331		331			331	
Bringing Confidence into Public Transport	231		231			231	
Smart Bus	3,384		3,384			3,384	
Public Transport Projects		428	428			428	
Transfer Resources from Renewal & Repair Fund to fund Capital Expenditure	1,763	(283)	1,480			1,480	
Transfer Capital Expenditure to CFCR	170		170			170	
Capital Receipts:							
ERDF/Contributions	60		60	28	28	60	
Net Asset Sales	3,445	(800)	2,645	1,416	1,475	2,645	

Capital Resources 2004/05

35,628	1,585	37,213
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37,213

Capital Expenditure as a %age of Capital Resources

100%

101%

100%

DUNDEE CITY COUNCIL - CAPITAL EXPENDITURE MONITORING 2004/05

<u>DEPARTMENT/SERVICE</u>	<u>Approved Capital Budget 2004/05 £000</u>	<u>Adjustments/ Virements £000</u>	<u>Revised Capital Budget 2004/05 £000</u>	<u>Actual Spend to 31 October 2004 £000</u>	<u>Actual Spend to 30 Nov 2004 £000</u>	<u>Projected Outturn 2004/05 £000</u>	<u>Spend as a % of Projected Outturn %</u>
<u>HOUSING HRA</u>							
<u>Capital Expenditure 2004/05</u>							
Windows for All	177		177	-	-	3	-
Heating for All	11,958		11,958	4,493	5,805	10,729	54
Community Care	1,005		1,005	193	271	937	29
Integrations	50		50	2	21	30	70
Estate Strategies	1,350		1,350	259	300	1,045	29
Roof Repairs/Renewal	1,560		1,560	693	767	2,000	38
Urgent Roof Repairs	740		740	153	283	740	38
Roughcast	845		845	39	40	322	12
Security	295		295	34	36	256	14
Fees & Contingencies	50		50	5	7	110	6
Capital Expenditure 2004/05	18,030		18,030	5,871	7,530	16,172	47
<u>Capital Resources 2004/05</u>							
Expenditure Funded from Borrowing	11,436		11,436			11,436	
Capital Grant: Central Heating Initiative	250		250			193	
Capital Receipts: Net Asset Sales	3,975		3,975	2,796	3,700	4,326	
Loan Repayment Receipts	50		50	98	141	100	
	15,711		15,711	2,894	3,841	16,055	
Capital Expenditure as % of Capital Resources	115%		115%			101%	