

Commentary on Net Capital Expenditure Against Budget

A commentary on the significant areas of variance between budget and actual for each council directorate is outlined below:

Directorate / Division	Net Underspend £m	Significant Areas of Over / (Under) Spend (Net)
Chief Executives	(0.064)	<ul style="list-style-type: none"> • Tourism Projects (Economic Development) – procurement delays on angusahead.com upgrade resulted in slippage. • Montrose South Regeneration (Economic Development) – delivery of section 2 of spine road slipped due to unforeseen ground problems.
Communities (General Fund)	(2.342)	<ul style="list-style-type: none"> • Vehicle Replacement Programme (RPPS) – some delivery dates slipped into 2015/16. • Investment in Workshop / Garage Facilities (RPPS) – spend slipped as tender documents released later than anticipated (whilst joint design agreed). • Montrose Swimming Pool (S2C) – settlement of final account slipping into 2015/16, as well as reduction in prior year accrual, has resulted in underspend. • Capitalised Maintenance (Arbroath Primary Schools) – expenditure advanced from future year to support Arbroath Primary Schools (Phase 1) project. • Brechin Flood Prevention Scheme (TAPS) – underspend has arisen as competitive tender rates have enabled project to be delivered at a lower cost than originally anticipated.
People	(6.593)	<ul style="list-style-type: none"> • Kinloch Care Centre & Supported Housing (Adult Services) – spend slipped into 2015/16. Project plan (which detailed outstanding works that main contractor was required to make good by a certain date) not delivered in full prior to the agreed deadline therefore work orders issued to term contractors to complete. • Replacement of Kinnaird Street Residential Home, Arbroath (Children & Young People's Services) – underspend as completion date slipped from April to June 2015. • Arbroath Schools Project – Phase 1 (Schools & Learning) – project procured by the Scottish Futures Trust procurement vehicle Hubco and slippage has arisen as a result of contractor issues resulting in subsequent delays in the construction start date. • Brechin High School Community Campus (Schools & Learning) – site slippage / delays, particularly weather conditions impacting on progress with the concrete / frame. It should be noted however that this is largely financial slippage rather than construction slippage. • Forfar Academy Community Campus (Schools & Learning) – overspend relating to advance works undertaken during protracted financial close period in order to keep timescales on track (external funding will be received to offset these works).
Resources	n/a	n/a
General Fund Underspend	(8.999)	
Communities (Housing)	(0.724)	<ul style="list-style-type: none"> • New Build – overall underspend as a result of: 18 High Street, Carnoustie – delays arranging party wall agreement & discovery of live gas feed on site; New Build – Chapelpark, Forfar – slippage as a result of timeframes to achieve planning & listed building consents; offset by acceleration of works at Camus House, Carnoustie.

		<ul style="list-style-type: none"> • Heating Replacement – overspend as a result of acceleration of works to partially offset underspends in other areas. • Energy Savings – underspend primarily as a result of significantly lower than anticipated prices for the installation of Photovoltaic Panels in rural sites.
Total Underspend	(9.723)	

Commentary Against Last Projected Outturn

The most recent projected outturn for 2014/15 based on February 2015 ledgers showed an anticipated underspend on a net basis for General Fund services of £6.074m (report 173/15 refers). The actual underspend of £8.999m at the year end shows an increase in the underspend of £2.925m from the previously reported position.

With regard to Housing, the February 2015 position showed a projected underspend on a net basis of £0.702m (report 155/15 refers). The actual underspend of £0.724m at the year end shows an increase in the underspend of £0.022m from the previously reported position.

The more significant movements which have arisen when comparing actual expenditure to the outturns noted in reports 151/15 and 173/15 include:

Directorate / Division	Movement in Underspend £m	Commentary
Communities – Regulatory, Protective & Prevention Services	(0.236)	Increase in slippage on both Waste and General Vehicle Replacement Programmes.
Communities – Services to Communities	(0.169)	Level of accrual taken into accounts in respect of the Montrose Swimming Pool reduced.
Communities – Technical & Property Services	(0.811)	Expenditure lower than anticipated on Arbroath Harbour Infrastructure Repairs and A935 Brechin to Montrose Road RAP. Insurance receipts received to partly fund spend on Road Structure Repairs / Strengthening and Property contribution towards Arbroath Primary Schools Capitalised Maintenance funded from R&R rather than borrowing.
People – Schools & Learning	(1.741)	Expenditure lower than anticipated on Brechin High School Community Campus – whilst weather conditions have impacted on site progress, the effect of slippage is largely financial (due to the significant value of the project) rather than construction related.
Communities - Housing	(0.022)	Aggregate of minor movements.