

**ANGUS COUNCIL**

**POLICY & RESOURCES COMMITTEE – 2 FEBRUARY 2016**

**CAPITAL MONITORING – GENERAL FUND CAPITAL PROGRAMME – 2015/16**

**REPORT BY THE HEAD OF CORPORATE IMPROVEMENT & FINANCE**

**ABSTRACT**

This report appraises members of the capital expenditure incurred for the period from 1 April 2015 to 30 November 2015 and measures projected capital expenditure for the year against budgeted provision for the year.

**1 RECOMMENDATION**

- 1.1 It is recommended that the Committee reviews and scrutinises the expenditure position on the General Fund Capital Programme as at 30 November 2015 as per Tables 1 and 2 below and the accompanying Capital Monitoring Statement (**Appendix 1**).

**2 ALIGNMENT TO ANGUS COMMUNITY PLAN / SINGLE OUTCOME AGREEMENT**

- 2.1 The projects undertaken through the Council's capital programme (as reflected in **Appendix 1** to this report) contribute as a whole to the local outcomes contained with the Angus Community Plan and Single Outcome Agreement 2013-2016.

**3 BACKGROUND**

- 3.1 The responsibilities of Chief Officers with regard to capital monitoring are set out in Section 7 of the Council's Financial Regulations. This report seeks to ensure that budgetary control is exercised in line with those Regulations through the early identification of variances and the appropriate actions for dealing with these.
- 3.2 Where the possibility of significant expenditure slippage arises, the Head of Corporate Improvement & Finance must ensure that an assessment of the relevant programme is carried out and must consider what resultant action needs to be taken. Accordingly it is important that Strategic Directors and Heads of Service identify and notify significant potential under and over spends to the Head of Corporate Improvement & Finance at the earliest opportunity.
- 3.3 Report 335/15 approved the 2015/16 Final Capital Budget Volume, detailing the 2014/2019 Financial Plan which includes the capital monitoring budget for 2015/16. The 2015/16 gross and net budgets detailed in Tables 1 and 2 below, and **Appendix 1** are the budgets against which directorates must monitor their spend for the remainder of the financial year.

**4 CURRENT POSITION**

- 4.1 Tables 1 and 2 below set out the current position on the overall General Fund capital programme for 2015/16 as at 30 November 2015 on a gross and net (after the deduction of funding contributions) basis respectively. **Appendix 1** gives further detail in respect of the 2015/16 position of all capital projects.

**Table 1 – GROSS Capital Expenditure**

Programme	Gross Budget £000	Actual to 30 Nov 15 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
<b>Chief Executive's</b> Economic Development	773	228	29.5	542	231
<b>Communities</b>					
Planning & Place	423	135	31.9	446	(23)
Regulatory, Protective and Prevention Services	5,505	1,557	28.3	4,076	1,429
Services to Communities	841	362	43.3	666	175
Technical and Property Services	18,132	9,800	54	18,014	118
<b>People</b>					
Adult Services	87	58	66.7	88	(1)
Children & Young People's Services	501	394	78.6	501	0
Schools and Learning	24,932	18,095	72.6	25,122	(190)
<b>Resources</b>					
Organisational Change	825	241	29.2	686	139
Transforming Angus	400	0	0	250	150
<b>Gross Totals</b>	<b>52,419</b>	<b>30,870</b>	<b>58.9</b>	<b>50,391</b>	<b>2,028</b>

**Table 2 – NET Capital Expenditure**

Programme	Net Budget £000	Actual To 30 Nov 15 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
<b>Chief Executive's</b> Economic Development	276	34	12.3	191	85
<b>Communities</b>					
Planning & Place	17	36	211.8	16	1
Regulatory, Protective and Prevention Services	4,991	1,437	28.8	3,627	1,364
Services to Communities	255	0	0	5	250
Technical and Property Services	17,057	9,605	56.3	16,873	184
<b>People</b>					
Adult Services	87	58	66.7	88	(1)
Children & Young People's Services	501	394	78.6	501	0
Schools and Learning	24,182	18,095	74.8	24,269	(87)
<b>Resources</b>					
Organisational Change	0	0	0	0	0
Transforming Angus	400	0	0	250	150
<b>Net Totals</b>	<b>47,766</b>	<b>29,659</b>	<b>62.1</b>	<b>45,820</b>	<b>1,946</b>

4.2 It should be noted that some projects detailed on **Appendix 1** are classified as non enhancing expenditure. This may be because the expenditure (for accounting purposes) is revenue in nature, or is capital expenditure on a third party's asset, and therefore must be transferred back to revenue at the year end. These projects are not included within the summaries of gross and net capital expenditure detailed in **Appendix 1** (page 1) or within Tables 1 and 2, above, but will continue to be monitored through the capital monitoring process.

- 4.3 It may be noted from Tables 1 and 2 that actual spend as a percentage of budget is 58.9% on a gross basis and 62.1% on a net basis. This compares with the capital monitoring report detailing the position as at 30 November 2014 of 42.8% (gross) 41.7% (net). For information purposes it is commented that the 2014/15 actual spend outturn (post audit adjustments) was 81.8% (gross) and 74.1% (net).
- 4.4 Members will note that with 8 months (67%) of the financial year gone the actual spend levels presented in Tables 1 and 2 could be considered to be broadly on track, given that historically around 10% of capital spend comes through as accruals at the year end. It should be noted that work is ongoing on a number of significant projects for which no payment has yet been made by virtue of the phasing of such projects. Furthermore, the value of work completed up to 31 March 2016 will be assessed as part of the year end process and expenditure accrued accordingly, hence the reason why spend can increase significantly in the last month of the year.
- 4.5 The projected net expenditure of £45.820 million (reflected in Table 2) will be indicatively funded from the sources detailed in Table 3 below (the monitoring budget figures are presented for information purposes):

**Table 3 – Funding**

Expenditure / Funding Source	<i>Monitoring Budget £000</i>	<b>Latest Projection £000</b>	Variance £000
Projected net expenditure	47,766	<b>45,820</b>	1,946
Borrowing	19,829	<b>17,845</b>	1,984
General capital grant (balance)	22,219	<b>22,257</b>	(38)
Corporate capital receipts	500	<b>500</b>	0
Corporate CFCR – revenue budget contribution	700	<b>700</b>	0
Corporate CFCR – balance of loan charges budget	3,068	<b>3,068</b>	0
Corporate Capital Fund contribution	1,450	<b>1,450</b>	0
Total funding	47,766	<b>45,820</b>	1,946

## 5 COMMENTARY ON SIGNIFICANT MONITORING ISSUES

- 5.1 The following tables 4 to 10 detail those departments / divisions which are currently anticipating significant under or overspends of overall gross expenditure. Only the main areas making up each overall variance have been highlighted, along with a brief commentary on the reasons for that variance.
- 5.2 Individual variances of lesser value are reflected in the 'Miscellaneous' line (where applicable). Whilst these individual variances may actually total a significant level, particularly for the bigger capital programmes, no specific commentary has been provided. Reference should be made to **Appendix 1** for further detail on the lower value individual variances. If Members require specific detail on individual projects beyond the summary position presented in this report they should contact the relevant Head of Service.

5.3 Chief Executives

**Table 4 – Economic Development**

Project	Gross Under/ (Over)spend £,000	Commentary
Tourism Projects	91	Revisited priorities to free funding for digitalisation of business units. Touch screen visitor units presently being trialled will not be rolled out until 16/17.
Digitisation of Business Unit Sites Across Angus	142	Now part of a wider digital Council agenda resulting in expenditure slipping into 2016/17.
Other minor variances	(2)	
<b>Gross Under / (Overspend)</b>	<b>231</b>	

5.4 Communities

**Table 5 – Regulatory, Protective and Prevention Services**

Project	Gross Under/ (Over)spend £,000	Commentary
Monifieth Blue Seaway	40	No progress in 15/16 due to staff shortages.
New Play Area in Monifieth	84	Following discussions with headteacher of Grange PS, proposal has now gone to a public consultation.
Vehicle Workshop and Associated Facilities	400	Start date delayed due to staff turnover issues in the design team, leading to a delay in issuing amended drawings to contractor.
Waste / General Vehicle Replacement Programmes	964	Programme slipped due to Tayside Contracts not procuring vehicles to agreed timescales.
Other minor variances	(59)	
<b>Gross Under / (Over)spend</b>	<b>1,429</b>	

**Table 6 – Services to Communities**

Project	Gross Under/ (Over)spend £000	Commentary
Replacement of Montrose Swimming Pool	50	Finalisation of final account slipped into 2016/17 as negotiations with contractor continue.
Carnoustie Pitches Development (Shanwell Road) – Phase 1	200	Awaiting outcome of sportscotland grant application before development can proceed.
Library / ACCESS Integration – Development Costs	(50)	Introduction of a new project to develop the Council priority of Library / ACCESS integration – these development costs are being fully met from revenue underspends carried forward into the Capital Fund specifically for this purpose.
Other Minor Variances	(25)	
<b>Gross Under / (Over)spend</b>	<b>175</b>	

**Table 7 – Technical & Property Services**

Project	Gross Under/ (Over)spend £000	Commentary
Refurbishment Works at Bruce House, Arbroath (Ph4)	75	Cash flow adjusted due to staff resource issues.
Arbroath Flood Strategy (Brothock Burn / Seawall)	70	Slippage due to delays associated with external consultants.
Other Minor Variances	(27)	
<b>Gross Under / (Over)spend</b>	<b>118</b>	

5.5 **People****Table 8 – Schools & Learning**

Project	Gross Under/ (Over)spend £000	Commentary
Brechin High School Community Campus	0	Although there is no anticipated variance on gross spend, an estimated overspend on a net basis should be noted due to anticipated sportscotland grant being switched to Forfar Campus project (neutral impact for the Council).
Forfar Academy Community Campus	(159)	Expected gross overspend due to rephasing, however overall net underspend on project should be noted due to aforementioned switch of sportscotland grant.
Other minor variances	(31)	
<b>Gross Under / (Over)spend</b>	<b>(190)</b>	

5.6 **Resources****Table 9 – Organisational Change**

Project	Gross Under/ (Over)spend £000	Commentary
Corporate Infrastructure Renewal	103	Expenditure rephased for spend in 16/17 to upgrade network links to accommodate new technologies being deployed in line with Transforming Angus Agile Programme.
Voice Over IP Telephony Provision	50	Expenditure rephased for spend in 16/17 to upgrade network links to accommodate new technologies being deployed in line with Transforming Angus Agile Programme.
Other minor variances	(14)	
<b>Gross Under / (Over)spend</b>	<b>139</b>	

**Table 10 – Transforming Angus**

Project	Gross Under/ (Over)spend £000	Commentary
Provision for Transforming Angus / Estate Rationalisation	150	Expenditure rephased in line with Transforming Angus programme - majority of expenditure coming through in current year will relate to Agile Angus related spend.
<b>Gross Under / (Over)spend</b>	<b>150</b>	

## 6 HOUSING CAPITAL MONITORING

- 6.1 Table 11 below sets out for information purposes, a summary of the position on the Housing capital monitoring as reported to the Communities Committee of 17 November 2015 (report 442/15 refers). The next update of the Housing capital monitoring will be presented at the Housing rent setting meeting which is scheduled for 9 February 2016.

**Table 11 – Housing Capital Programme**

Expenditure / Funding Source	<i>Monitoring Budget</i> £000	<b>Latest Projection</b> £000	Variance £000
Projected net expenditure	7,216	<b>6,757</b>	459
Borrowing (including Survive & Thrive)	206	<b>206</b>	0
Capital receipts	0	<b>0</b>	0
Capital Funded From Current Revenue	6,139	<b>6,139</b>	0
Transfer from Earmarked Reserves	871	<b>412</b>	459
Total funding	7,216	<b>6,757</b>	459

- 6.2 Members may wish to refer to report 442/15 for further detail on the above noted variance on the Housing capital programme.

## 7 CAPITAL PROJECTS MONITORING GROUP

- 7.1 The last meeting of the Capital Projects Monitoring Group (CPMG) took place on 3 December 2015. Should members wish to see the full minute of CPMG meetings, these are available from the Democratic Services section of Legal and Democratic Services.
- 7.2 The next meeting of the CPMG will take place on 4 February 2016. Members may wish to give direction to the CPMG should they consider the position on a particular project warrants further questioning at the CPMG meeting.

## 8 FINANCIAL IMPLICATIONS

- 8.1 The financial implications for the Council arising from this report are as detailed in the body of the report. Any future variances of projected spend against available budget will be subject to ongoing review and the need for corrective action will be raised with the appropriate Strategic Director where considered appropriate.

**IAN LORIMER**  
**HEAD OF CORPORATE IMPROVEMENT & FINANCE**

**NOTE:** 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 this Report.

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List of Appendices:

**Appendix 1 – Capital Monitoring Statement**