

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 29 NOVEMBER 2016

CAPITAL MONITORING – GENERAL FUND CAPITAL PROGRAMME – 2016/17

REPORT BY THE HEAD OF CORPORATE IMPROVEMENT & FINANCE

ABSTRACT

This report appraises members of the capital expenditure incurred for the period from 1 April 2016 to 30 September 2016 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 September 2016 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 314/16 approved the 2016/17 Final Capital Budget Volume, detailing the 2015/2020 Financial Plan which includes the capital monitoring budget for 2016/17. The 2016/17 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 2016/17 as at 30 September 2016 on a gross and net (after the deduction of funding contributions) basis respectively. **Appendix 1** gives further detail in respect of the 2016/17 position of all capital projects.

Table 1 – GROSS Capital Expenditure

Programme	Gross Budget £000	Actual to 30 Sept 2016 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
Chief Executive's Economic Development	135	36	26.7	135	0
Communities					
Planning & Place	405	1	0.2	405	0
Regulatory & Protective Services	4,397	2,117	48.1	3,912	485
Services to Communities	877	24	2.7	718	159
Technical and Property Services	17,546	5,864	33.4	16,086	1,460
Children & Learning					
Children & Young People's Services	28	10	35.7	28	0
Schools and Learning	7,197	3,159	43.9	7,197	0
Adult Services (IJB)	262	3	1.1	262	0
Resources					
Organisational Change	910	80	8.8	1,049	(139)
Transforming Angus	1,351	484	35.8	1,369	(18)
Gross Totals	33,108	11,778	35.6	31,161	1,947

Table 2 – NET Capital Expenditure

Programme	Net Budget £000	Actual To 30 Sept 2016 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
Chief Executive's Economic Development	90	31	34.4	90	0
Communities					
Planning & Place	10	1	10	10	0
Regulatory & Protective Services	3,798	1,947	51.3	3,298	500
Services to Communities	360	9	2.5	366	(6)
Technical and Property Services	14,603	5,736	39.3	13,103	1,500
Children & Learning					
Children & Young People's Services	(72)	10	(13.9)	(72)	0
Schools and Learning	5,375	3,159	58.8	5,375	0
Adult Services (IJB)	242	3	1.2	197	45
Resources					
Organisational Change	0	0	0	0	0
Transforming Angus	1,274	484	38	1,292	(18)
Net Totals	25,680	11,380	44.3	23,659	2,021

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 35.6% on a gross basis and 44.3% on a net basis. This compares with the capital monitoring report detailing the position as at 30 September 2015 of 47.3% (gross) 48.3% (net). For information purposes it is commented that the 2015/16 actual spend outturn was 92.1% (gross) and 92.7% (net).
- 4.4 Members will note that with 6 months (%) 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 2017 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 £23.659million (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	Monitoring Budget £000	Latest Projection £000	Variance £000
Projected net expenditure	25,680	23,659	2,021
Borrowing	8,870	6,849	2,021
General capital grant (balance)	12,323	12,323	0
Corporate capital receipts	500	500	0
Corporate CFRCR – balance of loan charges budget	2,537	2,537	0
Corporate Capital Fund contribution	1,450	1,450	0
Total funding	25,680	23,659	2,021

5 COMMENTARY ON SIGNIFICANT MONITORING ISSUES

- 5.1 The following table(s) 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 'Other Minor Variances' 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 **Communities**

Table 4 – Regulatory, Protective and Prevention Services

Project	Gross Under/ (Over)spend £000	Commentary
Provision for Zero Waste Implementation	500	Delays with planning process not likely to be resolved in time for significant expenditure to occur this year.
Other minor movements	(15)	
Gross Under / (Over)spend	485	

Table 5 – Services to Communities

Project	Gross Under/ (Over)spend £000	Commentary
Carnoustie Pitch Development (Shanwell Road) – Phase 1	165	£365k slippage on original programme is netted off by additional costs of works due to excavation works of circa £200k. Additional costs to be met from corporate contingency (up to a value of £300k), as agreed by PBSG at their meeting of 4 November. Pitch works now anticipated to start February 2017.
Other minor movements	(6)	
Gross Under / (Over)spend	159	

Table 6 – Technical & Property Services

Project	Gross Under/ (Over)spend £000	Commentary
Arbroath Flood Strategy	1,500	Expenditure reprofiled in line with anticipated Scottish Government grant funding. Procurement for construction works will commence in 2017.
Other minor movements	(40)	
Gross Under / (Over)spend	1,460	

5.4 Resources

Table 7 – Organisational Change

Project	Gross Under/ (Over)spend £000	Commentary
Various OC projects	(139)	Capital programme has been realigned / projects reassessed as per committee report 326/16.
Gross Under / (Over)spend	(139)	

6 HOUSING CAPITAL MONITORING

6.1 Table 8 below sets out for information purposes, a summary of the position on the Housing capital monitoring which was reported to the Communities Committee of 15 November 2016 (report 392/16 refers).

Table 8 – Housing Capital Programme

Expenditure / Funding Source	<i>Monitoring Budget</i> £000	Latest Projection £000	Variance £000
Projected net expenditure	10,278	9,404	874
Borrowing (including Survive & Thrive)	0	0	0
Capital receipts	1,350	1,350	0
Capital Funded From Current Revenue	7,324	7,324	0
Transfer from Earmarked Reserves	1,604	730	874
Total funding	10,278	9,404	874

6.2 Members may wish to refer to report 392/16 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 13 October 2016. 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 1 December 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.

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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