

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 1 DECEMBER 2015

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 September 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 September 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 September 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 Sept 15 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
Chief Executive's Economic Development	773	110	14.2	695	78
Communities					
Planning & Place	423	28	6.6	423	0
Regulatory, Protective and Prevention Services	5,505	947	17.2	4,590	915
Services to Communities	841	124	14.7	712	129
Technical and Property Services	18,132	7,175	39.6	18,050	82
People					
Adult Services	87	1	1.1	88	(1)
Children & Young People's Services	501	388	77.4	501	0
Schools and Learning	24,932	15,843	63.5	24,980	(48)
Resources					
Organisational Change	825	182	22.1	839	(14))
Transforming Angus	400	0	0.0	250	150
Gross Totals	52,419	24,798	47.3	51,128	1,291

Table 2 – NET Capital Expenditure

Programme	Net Budget £000	Actual To 30 Sept 15 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
Chief Executive's Economic Development	276	34	12.3	275	1
Communities					
Planning & Place	17	26	152.9	17	0
Regulatory, Protective and Prevention Services	4,991	809	16.2	4,004	987
Services to Communities	255	0	0.0	60	195
Technical and Property Services	17,057	6,843	40.1	16,968	89
People					
Adult Services	87	1	1.1	88	(1)
Children & Young People's Services	501	388	77.4	501	0
Schools and Learning	24,182	14,982	62.0	24,112	70
Resources					
Organisational Change	0	0	0.0	0	0
Transforming Angus	400	0	0.0	250	150
Net Totals	47,766	23,083	48.3	46,275	1,491

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 47.3% on a gross basis and 48.3% on a net basis. This compares with the capital monitoring report detailing the position as at 30 September 2014 of 28.7% (gross) 28.8% (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 six months (50%) 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 £46.275million (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	47,766	46,275	1,491
Borrowing	19,829	18,338	1,491
General capital grant (balance)	22,219	22,219	0
Corporate capital receipts	500	500	0
Corporate CFCR – revenue budget contribution	700	700	0
Corporate CFCR – balance of loan charges budget	3,068	3,068	0
Corporate Capital Fund contribution	1,450	1,450	0
Total funding	47,766	46,275	1,491

5 COMMENTARY ON SIGNIFICANT MONITORING ISSUES

- 5.1 The following tables 4 to 11 detail those departments / divisions which are currently anticipating significant under or overspend 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
Montrose South Regeneration	77	Revised costs have been received from Technical & Property Services in respect of section 2 of the spine road, allowing the expenditure projection to be reviewed downwards.
Other Minor Variances	1	
Gross Under / (Over)spend	78	

5.4 **Communities**

Table 5 – Regulatory, Protective and Prevention Services

Project	Gross Under/ (Over)spend £000	Commentary
Waste Vehicle Replacement Programme 2015/16	527	Slippage anticipated in the delivery of 3 refuse collection vehicles - offset to some degree by the advancement of the purchase of a telehandler.
Vehicle Workshop and Associated Facilities at Peasiehill, Arbroath	400	Commencement of project delayed due to contractor availability. Also, staff turnover within the design team impacted on the production of amended contract drawings.
Other Minor Variances	(12)	
Gross Under / (Over)spend	915	

Table 6 – Services to Communities

Project	Gross Under/ (Over)spend £000	Commentary
Carnoustie Pitches Development (Shanwell Road) – Phase 1	195	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 costs are being fully met from revenue underspends carried forward specifically for this purpose.
Other Minor Variances	(16)	
Gross Under / (Over)spend	129	

Table 7 – Technical & Property Services

Project	Gross Under/ (Over)spend £000	Commentary
Refurbishment Works at Bruce House, Arbroath (Ph4 – Curtain Wall / Gable)	75	Cash flow adjusted due to staff resource issues.
Other Minor Variances	7	
Gross Under / (Over)spend	82	

5.5 **People**

Table 8 – Adult Services

Project	Gross Under/ (Over)spend £000	Commentary
Other Minor Variances	(1)	
Gross Under / (Over)spend	(14)	

Table 9 – Schools and Learning

Project	Gross Under/ (Over)spend £000	Commentary
Other Minor Variances	(48)	
Gross Under / (Over)spend	(48)	

5.6 Resources

Table 10 – Organisational Change

Project	Gross Under/ (Over)spend £000	Commentary
Other Minor Variances	(14)	
Gross Under / (Over)spend	(14)	

Table 11 – 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.
Gross Under / (Over)spend	150	

6 HOUSING CAPITAL MONITORING

- 6.1 Table 6 below sets out for information purposes, a summary of the latest position on the Housing capital monitoring as reported to the Communities Committee of 17 November 2015 (report 442/15 refers).

Table 12 – Housing Capital Programme

Expenditure / Funding Source	<i>Monitoring Budget</i> £000	Latest Projection £000	Variance £000
Projected net expenditure	7,216	6,757	459
Borrowing (including Survive & Thrive)	206	206	0
Capital receipts	0	0	0
Capital Funded From Current Revenue	6,139	6,139	0
Transfer from Earmarked Reserves	871	412	459
Total funding	7,216	6,757	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 13 October 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 3 December 2015. 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

Capital Monitoring to 30 September 15 - V1