

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 14 October 2014

CAPITAL MONITORING – GENERAL FUND CAPITAL PROGRAMME – 2014/15

REPORT BY IAN LORIMER, HEAD OF CORPORATE IMPROVEMENT & FINANCE

**ABSTRACT**

This report appraises members of the capital expenditure incurred for the period from 1 April 2014 to 31 August 2014 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 31 August 2014 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 372/14 approved the 2014/15 Final Capital Budget Volume, detailing the 2013/2018 Financial Plan which includes the capital monitoring budget for 2014/15. The 2014/15 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 2014/15 as at 31 August 2014 on a gross and net (after the deduction of funding contributions) basis respectively. **Appendix 1** gives further detail in respect of the 2014/15 position of all capital projects.
- 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 summary of gross

and net capital expenditure detailed in **Appendix 1** (page 1) or within Tables 1 and 2, below, but will continue to be monitored through the capital monitoring process.

**Table 1 – GROSS Capital Expenditure**

Programme	Gross Budget £000	Actual to 31 Aug 14 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Over / (Under) Spend £000
<b>Chief Executive's</b> Economic Development	1,074	9	0.8	1,074	0
<b>Communities</b> Planning & Place	224	0	0.0	224	0
Regulatory, Protective and Prevention Services	5,053	1,189	23.5	4,963	(90)
Services to Communities	530	211	39.8	556	26
Technical and Property Services	14,833	3,697	24.9	14,833	0
<b>People</b> Adult Services	218	34	15.6	218	0
Children's Services	1,539	148	9.6	1,539	0
Schools and Learning	18,196	3,432	18.9	18,196	0
<b>Resources</b> Organisational Change	1,233	458	37.1	1,234	1
<b>Gross Totals</b>	<b>42,900</b>	<b>9,178</b>	<b>21.4</b>	<b>42,837</b>	<b>(63)</b>

**Table 2 – NET Capital Expenditure**

Programme	Net Budget £000	Actual To 31 Aug 14 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Over / (Under) Spend £000
<b>Chief Executive's</b> Economic Development	174	9	5.2	174	0
<b>Communities</b> Planning & Place	51	0	0.0	51	0
Regulatory, Protective and Prevention Services	3,087	288	9.3	3,087	0
Services to Communities	271	130	48.0	271	0
Technical and Property Services	13,311	3,467	26.0	13,311	0
<b>People</b> Adult Services	197	34	17.3	197	0
Children's Services	1,339	148	11.1	1,339	0
Schools and Learning	17,053	3,397	19.9	17,053	0
<b>Resources</b> Organisational Change	17	17	100.0	17	0
<b>Net Totals</b>	<b>35,500</b>	<b>7,490</b>	<b>21.1</b>	<b>35,500</b>	<b>0</b>

- 4.3 It may be noted from the capital monitoring report detailing the position as at 31 August 2013 that actual spend as a percentage of budget was 23.6% on a gross basis and 28.7% on a net basis. This compares with the current position of 21.4% (gross) and 21.1% (net). For information purposes it is commented that the 2013/14 actual spend outturn was 81.9% (gross) and 86.8% (net).
- 4.4 Members will note that with five months (42%) of the financial year gone the actual spend levels presented in Tables 1 and 2 are low, notwithstanding 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 2015 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 £35.5 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	Monitoring Budget £000	Latest Projection £000	Variance £000
Projected net expenditure	35,500	35,500	-
Borrowing	17.255	17.255	-
General capital grant (balance)	14.978	14.978	-
Corporate capital receipts	0.500	0.500	-
Corporate CFCR	2.767	2.767	-
Total funding	35.500	35.500	-

## 5 COMMENTARY ON SIGNIFICANT MONITORING ISSUES

- 5.1 The following tables 4 and 5 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 Communities

**Table 4 – Regulatory, Protective & Prevention Services**

Project	Gross (Under) / Overspend £000	Commentary
New Play Area in Monifieth	(84)	Expenditure slipped into following year whilst site is sought and overall project redesigned.
Miscellaneous	(6)	
<b>Total Gross (Under) / Overspend</b>	<b>(90)</b>	

**Table 5 – Services to Communities**

Project	Gross (Under) / Overspend £000	Commentary
Leisure Equipment Replacement Programme 2013/14	26	Residual expenditure on a prior year project.
<b>Total Gross (Under) / Overspend</b>	<b>26</b>	

## 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 30 September 2014 (report 406/14 refers).

**Table 6 – Housing Capital Programme**

Expenditure / Funding Source	Monitoring Budget £000	Latest Year End Estimate £000	Variance £000
Projected net expenditure	11,849	11,878	29
Borrowing (including Survive & Thrive)	4,427	4,306	(121)
Capital receipts	1,250	1,400	150
Capital Funded From Current Revenue	6,172	6,172	-
Total funding	11,849	11,878	29

- 6.2 Members may wish to refer to report 406/14 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) to consider the proposed 2014/15 capital monitoring budget took place on 8 August 2014. 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 is scheduled to take place on Thursday 16 October 2014. 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.

AUTHOR: Dawn Johnston

EMAIL: FINANCE@angus.gov.uk

List of Appendices: [Appendix 1 – Capital Monitoring Statement](#)