

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 2 December 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 30 September 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 30 September 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 within 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 30 September 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 30 Sept 14 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Over / (Under) Spend £000
Chief Executive's Economic Development	1,074	14	1.3	743	(331)
Communities					
Planning & Place	224	0	0.0	224	0
Regulatory, Protective and Prevention Services	5,053	1,323	26.2	4,708	(345)
Services to Communities	530	297	56.0	558	28
Technical and Property Services	14,833	4,484	30.2	15,209	376
People					
Adult Services	218	34	15.6	218	0
Children & Young People's Services	1,539	297	19.3	1,539	0
Schools and Learning	18,196	5,354	29.4	18,196	0
Resources					
Organisational Change	1,233	495	40.1	1,236	3
Gross Totals	42,900	12,298	28.7	42,631	(269)

Table 2 – NET Capital Expenditure

Programme	Net Budget £000	Actual To 30 Sept 14 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Over / (Under) Spend £000
Chief Executive's Economic Development	174	4	2.3	143	(31)
Communities					
Planning & Place	51	0	0.0	51	0
Regulatory, Protective and Prevention Services	3,087	234	7.6	2,807	(280)
Services to Communities	271	173	63.8	271	0
Technical and Property Services	13,311	4,305	32.3	13,721	410
People					
Adult Services	197	34	17.3	197	0
Children's Services	1,339	297	22.2	1,339	0
Schools and Learning	17,053	5,157	30.2	17,053	0
Resources					
Organisational Change	17	17	100.0	17	0
Net Totals	35,500	10,221	28.8	35,599	99

- 4.3 It may be noted from the capital monitoring report detailing the position as at 30 September 2013 that actual spend as a percentage of budget was 31.6% on a gross basis and 32.9% on a net basis. This compares with the current position of 28.7% (gross) and 28.8% (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 six months (50%) 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 £35.599 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	35,599	99
Borrowing	17,255	17,315	60
General capital grant (balance)	14,978	* 15,018	40
Corporate capital receipts	500	500	-
Corporate CFCR	2,767	2,766	(1)
Total funding	35,500	35,599	99

* Latest projection of general capital grant does not include the additional £838,186 which will be received in respect of Early Learning & Childcare as the corresponding expenditure has yet to be included in the capital programme.

5 COMMENTARY ON SIGNIFICANT MONITORING ISSUES

- 5.1 The following tables 4 to 7 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) / Overspend £000	Commentary
Tourism Projects	(31)	Expenditure slipped into 2015/16 due to procurement delays on phasing of angusahead.com upgrade.

Project	Gross (Under) / Overspend £000	Commentary
Montrose South Regeneration	(300)	Tenders returned, with main contract tender (section 2 spine road) coming in below original expectations. Some design changes also accounts for the reduction in projected spend.
Total Gross (Under) / Overspend	(331)	

5.4 Communities

Table 5 – 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.
General Vehicle Replacement Programme 2014/15	(79)	Programme rephased as part of ongoing 2014/2019 Financial Plan exercise.
Provision for Investment in Workshop / Garage Facilities	(200)	Expenditure slipped due to rephasing of programme.
Refurbishment of Public Toilets, East Haven	23	Costs higher than anticipated, however this will be fully funded by additional grant from Angus Environmental Trust.
Miscellaneous	(5)	
Total Gross (Under) / Overspend	(345)	

Table 6 – Services to Communities

Project	Gross (Under) / Overspend £000	Commentary
Leisure Equipment Replacement Programme 2013/14	26	Residual expenditure on a prior year project. Cost will be absorbed within existing resources.
Miscellaneous	2	
Total Gross (Under) / Overspend	28	

Table 7 – Technical & Property Services

Project	Gross (Under) / Overspend £000	Commentary
Capitalised Maintenance (Arbroath Primary Schools)	310	Brought forward to support phase 1 of Arbroath Schools Project.
A935 Brechin to Montrose Road RAP – Construction Works	100	Expenditure rephased - £100k advanced into current year from 2015/16.
Miscellaneous	(34)	
Total Gross (Under) / Overspend	376	

6 HOUSING CAPITAL MONITORING

- 6.1 Table 8 below sets out for information purposes, a summary of the latest position on the Housing capital monitoring as reported to the Communities Committee of 18 November 2014 (report 461/14 refers).

Table 8 – Housing Capital Programme

Expenditure / Funding Source	Monitoring Budget £000	Latest Projection £000	Variance £000
Projected net expenditure	11,849	11,663	(186)
Borrowing (including Survive & Thrive)	4,427	4,091	(336)
Capital receipts	1,250	1,400	150
Capital Funded From Current Revenue	6,172	6,172	-
Total funding	11,849	11,663	(186)

- 6.2 Members may wish to refer to report 461/14 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 16 October 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 4 December 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

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