

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 10 OCTOBER 2017

CAPITAL MONITORING – GENERAL FUND CAPITAL PROGRAMME – 2017/18

REPORT BY THE HEAD OF CORPORATE FINANCE

ABSTRACT

This report appraises members of the capital expenditure incurred for the period from 1 April 2017 to 31 July 2017 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 July 2017 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 2014-2017.

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 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 Finance at the earliest opportunity.
- 3.3 Report 261/17 approved the 2017/18 Final Capital Budget Volume, detailing the 2016/2021 Financial Plan which includes the capital monitoring budget for 2017/18. The 2017/18 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 2017/18 as at 31 July 2017 on a gross and net (after the deduction of funding contributions) basis respectively. **Appendix 1** gives further detail in respect of the 2017/18 position of all capital projects.

Table 1 – GROSS Capital Expenditure

Programme	Gross Budget £000	Actual to 31 July 2017 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
Chief Executive's					
Economic Development	1,614	18	1.1	1,574	40
Strategic Policy & Transformation	1,126	328	29.1	1,141	(15)
Place					
Planning and Place	887	311	35.1	887	0
Regulatory and Protective Services	3,937	602	15.3	3,937	0
Services to Communities	2,059	504	24.5	2,064	(5)
Technical and Property Services	12,706	2,647	20.8	12,706	0
People					
Children and Young People / Schools and Learning	7,421	427	5.8	7,421	0
Information Technology	615	224	36.4	615	0
Adult Services (IJB)	297	5	1.7	297	0
Gross Totals	30,662	5,066	16.5	30,642	20

Table 2 – NET Capital Expenditure

Programme	Net Budget £000	Actual To 31 July 2017 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
Chief Executive's					
Economic Development	1,466	18	1.2	1,426	40
Strategic Policy and Transformation	963	328	34.1	978	(15)
Place					
Planning and Place	0	0	n/a	0	0
Regulatory and Protective Services	3,868	602	15.6	3,868	0
Services to Communities	1,128	207	18.4	1,133	(5)
Technical and Property Services	11,831	2,649	22.4	11,831	0
People					
Children and Young People / Schools and Learning	2,102	(216)	-10.3	2,102	0
Information Technology	70	0	0.0	70	0
Adult Services (IJB)	260	5	1.9	260	0
Net Totals	21,688	3,593	16.6	21,668	20

- 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 16.5% on a gross basis and 16.6% on a net basis. For information purposes it is commented that the 2016/17 actual spend outturn was 85.9% (gross) and 91.1% (net).
- 4.4 Members will note that with 4 months (33.3%) of the financial year gone the actual spend levels presented in Tables 1 and 2 could be considered low, although 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 2018 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 £21.668 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	21,688	21,668	20
Borrowing	7,125	7,105	20
General capital grant (balance)	11,758	11,758	0
Corporate capital receipts	500	500	0
Corporate CFCR – balance of loan charges budget	2,305	2,305	0
Total funding	21,688	21,668	20

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 **People**

Table 4 – Information Technology

Project	Gross Under/ (Over)spend £000	Commentary
Network Improvement (Radio)	(52)	Additional spend required – spend on Corporate Infrastructure Renewal reduced to compensate
Corporate Infrastructure Renewal (2016/17)	52	Resources reallocated to Network Improvement, above
Gross Under / (Over)spend	0	

6 HOUSING CAPITAL MONITORING

- 6.1 Capital monitoring with respect to the Housing capital programme is reported to the Communities committee. The number of such reports has been rationalised in recent years and the first report for 2017/18 will be presented to the Communities committee of 14

November. Summary information on the Housing capital monitoring position will thereafter be included for the next Policy & Resources committee.

7 CAPITAL PROJECTS MONITORING GROUP

- 7.1 The first meeting of the Capital Projects Monitoring Group (CPMG) to consider the proposed 2017/18 capital monitoring budget took place on 3 August 2017. 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 12 October 2017. 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 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