

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 9 OCTOBER 2018

CAPITAL MONITORING – GENERAL FUND CAPITAL PROGRAMME – 2018/19

REPORT BY THE HEAD OF FINANCE & LEGAL

ABSTRACT

This report appraises members of the capital expenditure incurred for the period from 1 April 2018 to 31 July 2018 and measures projected capital expenditure for the year against budgeted provision.

1 RECOMMENDATION

- 1.1 It is recommended that the Committee reviews and scrutinises the expenditure to date and projected outturn position on the General Fund Capital Programme as per Tables 1 and 2 below.

2 ALIGNMENT TO ANGUS COMMUNITY PLAN / SINGLE OUTCOME AGREEMENT

- 2.1 The projects undertaken through the Council's capital programme reflect the Council's corporate priorities and contribute as a whole to the local outcomes contained within the Council Plan and Local Outcome Improvement Plan.

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 Finance & Legal 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 Finance & Legal at the earliest opportunity.
- 3.3 Report 256/18 approved the 2018/19 Final Capital Budget Volume, detailing the 2017/2022 Financial Plan which includes the capital monitoring budget for 2018/19. The 2018/19 gross and net budgets detailed in Tables 1 and 2 below, 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 summarise the current position on the overall General Fund capital programme for 2018/19 as at 31 July 2018 on a gross and net (after the deduction of funding contributions) basis respectively. It may be noted that a new line has been added in to both tables for Angus Alive as projects relating to buildings and other physical assets occupied / utilised by Angus Alive are now separately identified within the capital programme. Angus Council continues however to own, replace, upgrade and maintain these assets.

Table 1 – GROSS Capital Expenditure

Programme	Gross Budget £000	Actual to 31 Jul 2018 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
Chief Executive's Strategic Policy & Economy	974	3	0.3	975	(1)
Place					
Communities – Planning & Communities	253	8	3.2	253	0
Communities – Environmental Services	3,898	60	1.5	3,898	0
Infrastructure – Property Asset	3,192	363	11.4	3,192	0
Infrastructure – Roads & Transportation	9,631	2,118	22.0	9,872	(241)
People					
Schools & Learning	6,559	281	4.3	6,559	0
Information Technology	1,463	228	15.6	1,463	0
Adult Services (IJB)	158	106	67.1	158	0
Angus Alive	1,264	428	33.9	1,265	(1)
Gross Total	27,392	3,595	13.1	27,635	(243)

Table 2 – NET Capital Expenditure

Programme	Net Budget £000	Actual To 31 Jul 2018 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
Chief Executive's Strategic Policy & Economy	855	3	0.4	856	(1)
Place					
Communities – Planning & Communities	60	0	0.0	60	0
Communities – Environmental Services	2,975	57	1.9	2,972	3
Infrastructure – Property Asset	2,759	363	13.2	2,759	0
Infrastructure – Roads & Transportation	8,873	1,999	22.5	8,876	(3)
People					
Schools & Learning	4,500	(719)	-16.0	4,500	0
Information Technology	1,145	122	10.7	1,145	0
Adult Services (IJB)	108	106	98.1	108	0
Angus Alive	770	397	51.6	771	(1)
Net Total	22,045	2,328	10.6	22,047	(2)

4.2 It may be noted from Tables 1 and 2 that actual spend as a percentage of budget is 13.1% on a gross basis and 10.6% on a net basis. For information purposes it is commented that the 2017/18 actual spend outturn was 75.3% (gross) and 82.3% (net).

4.4 Members will note that with 4 months (33%) 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 2019 will be assessed as part of the year end process and expenditure accrued accordingly, hence the reason why spend can increase significantly in the final month of the year.

- 4.5 The projected net expenditure of £22.047 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	22,045	22,047	(2)
Borrowing	9,593	9,595	(2)
General capital grant (balance)	12,202	12,202	-
Corporate capital receipts	250	250	-
Total funding	22,045	22,047	(2)

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. If Members require specific detail on individual projects beyond the summary position presented in this report they should contact the relevant Strategic Director or Head of Service.

- 5.3 **Place**

Table 4 – Infrastructure – Roads & Transportation

Project	Gross Under/ (Over)spend £000	Commentary
Cariageway / Footway Reconstruction	(238)	Roads Repair & Renewal Fund residual balance (from prior years contributions), utilised in 2018/19 for funding capital works
Other minor movements	(3)	
Gross Under / (Over)spend	(241)	

6 HOUSING CAPITAL MONITORING

- 6.1 Table 5 below sets out for information purposes, a summary of the position on the Housing capital monitoring which was reported to the Communities Committee of 25 September 2018 (report 298/18 refers).

Table 5 – Housing Capital Programme

Expenditure / Funding Source	<i>Monitoring Budget £000</i>	Latest Projection £000	Variance £000
Projected net expenditure	12,343	12,343	-
Borrowing (including Survive & Thrive)	2,001	2,001	-
Capital receipts	1,107	1,107	-
Capital Funded From Current Revenue	8,008	8,008	-
Affordable Housing Reserve	500	500	-
Transfer from Earmarked Reserves	727	727	-
Total funding	12,343	12,343	-

6.2 Members may wish to refer to report 298/18 for further detail on the Housing capital programme.

7 CAPITAL PROJECTS MONITORING GROUP

7.1 The first Capital Projects Monitoring Group (CPMG) meeting of the 2018/19 financial year, which took place on 14 August 2018, considered and made recommendations with regard to the proposed 2018/19 capital monitoring budget.

7.2 The next meeting of the CPMG will take place on 11 October 2018. Should members wish to see the full minute of CPMG meetings, these are available from the Democratic & Members Services section of Finance & Legal.

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 / Head of Service where considered appropriate.

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HEAD OF FINANCE & LEGAL

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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