

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 27 NOVEMBER 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 30 September 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 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 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, 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 summarise the current position on the overall General Fund capital programme for 2018/19 as at 30 September 2018 on a gross and net (after the deduction of funding contributions) basis respectively. **Appendix 1** gives further detail in respect of the 2018/19 position of all capital projects. 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 30 Sept 2018 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
Chief Executive's Strategic Policy & Economy	974	6	0.6	975	(1)
Place					
Communities – Planning & Communities	253	15	5.9	244	9
Communities – Environmental Services	3,898	463	11.9	3,329	569
Infrastructure – Property Asset	3,192	972	30.5	2,982	210
Infrastructure – Roads & Transportation	9,631	3,389	35.2	8,491	1,140
People					
Schools & Learning	6,559	402	6.1	6,559	0
Information Technology	1,463	291	19.9	1,466	(3)
Adult Services (IJB)	158	117	74.1	158	0
Angus Alive	1,264	583	46.1	1,265	(1)
Gross Total	27,392	6,238	22.8	25,469	1,923

Table 2 – NET Capital Expenditure

Programme	Net Budget £000	Actual To 30 Sept 2018 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
Chief Executive's Strategic Policy & Economy	855	6	0.7	856	(1)
Place					
Communities – Planning & Communities	60	0	0.0	60	0
Communities – Environmental Services	2,975	215	7.2	2,463	512
Infrastructure – Property Asset	2,759	943	34.2	2,549	210
Infrastructure – Roads & Transportation	8,873	3,238	36.5	7,495	1,378
People					
Schools & Learning	4,500	(649)	-14.4	4,509	(9)
Information Technology	1,145	171	14.9	1,148	(3)
Adult Services (IJB)	108	108	100.0	108	0
Angus Alive	770	496	64.4	771	(1)
Net Total	22,045	4,528	20.5	19,959	2,086

4.2 It may be noted from Tables 1 and 2 that actual spend as a percentage of budget is 22.8% on a gross basis and 20.5% 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 6 months (50%) 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 £19.959 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	19,959	2,086
Borrowing	9,593	7,507	2,086
General capital grant (balance)	12,202	12,202	-
Corporate capital receipts	250	250	-
Total funding	22,045	19,959	2,086

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 – Communities – Environmental Services

Project	Gross Under/ (Over)spend £000	Commentary
Provision for Zero Waste Implementation- Arbroath/Montrose	80	No further spend anticipated as all works now completed at these recycling centres
Provision for Zero Waste Implementation	562	Project outturn amended in line with report 264/18 (Review of Recycling Centre Provision)
Ground Maintenance Machinery Programme	(62)	Additional machinery replaced in order to ensure service continuity - funded from revenue and additional sales receipts
Other minor movements	(11)	
Gross Under / (Over)spend	569	

Table 5 – Infrastructure – Property Asset

Project	Gross Under/ (Over)spend £000	Commentary
Masiondieu Primary School – Upgrade Windows Phase 1	77	Deferred due to lead time for windows. On site during summer holidays
Borrowfield Primary School – Upgrade Electrical Installation	(45)	Project brought forward from Capitalised Maintenance - General
Various Systems / Infrastructure – Upgrades / Replacements	75	Works deferred to tie-in with holiday periods and operational requirements
Schools & Learning – Block Allocation	30	Minor adjustments to cash flow
Provision for Agile Angus/ Estates Review – Locality Hubs	83	Due to slippage, works now projected to be incurred in 19/20
Other minor movements	(10)	
Gross Under / (Over)spend	210	

Table 6 – Infrastructure – Roads & Transportation

Project	Gross Under/ (Over)spend £000	Commentary
Carriageway / Footway Reconstruction	(238)	Roads Repair & Renewal Fund residual balance (from prior years contributions), utilised in 2018/19 for funding capital works
Arbroath flood strategy (Brothock Burn/Seawall Projects)	1,381	This won't be procured until January 2019, therefore spend in 18/19 will be reduced
Other minor movements	(3)	
Gross Under / (Over)spend	1,140	

6 HOUSING CAPITAL MONITORING

- 6.1 Table 7 below sets out for information purposes, a summary of the position on the Housing capital monitoring which was last reported to the Communities Committee of 25 September 2018 (report 298/18 refers).

Table 7 – Housing Capital Programme

Expenditure / Funding Source	<i>Monitoring Budget</i> £000	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 second Capital Projects Monitoring Group (CPMG) meeting of the 2018/19 financial year, which took place on 11 October 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 29 November 2018, where expenditure to date, projected outturns and any necessary remedial action will be discussed. 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.

IAN LORIMER
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.

AUTHOR: Dawn Johnston
EMAIL: FINANCE@angus.gov.uk

List of Appendices:

Appendix 1 – Capital Monitoring Statement