

**ANGUS COUNCIL**

**POLICY & RESOURCES COMMITTEE – 28 JANUARY 2020**

**CAPITAL MONITORING – GENERAL FUND CAPITAL PROGRAMME – 2019/20**

**REPORT BY THE DIRECTOR OF FINANCE**

**ABSTRACT**

This report appraises members of the capital expenditure incurred for the period from 1 April 2019 to 30 November 2019 and measures projected capital expenditure for the year against budgeted provision.

**1 RECOMMENDATION**

1.1 It is recommended that the Committee:

- (i) 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 CORPORATE PLAN / LOCAL OUTCOMES IMPROVEMENT PLAN**

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 Corporate Plan and Local Outcomes 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 Director of 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 Directors identify and notify significant potential under and over spends to the Director of Finance at the earliest opportunity.

3.3 Report 277/19 approved the 2019/20 Final Capital Budget Volume, detailing the 2018/2023 Financial Plan which includes the capital monitoring budget for 2019/20. The 2019/20 gross and net budgets detailed in Tables 1 and 2 below, and **Appendix 1**, are the budgets against which services 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 2019/20 as at 30 November 2019 on a gross and net (after the deduction of funding contributions) basis respectively. **Appendix 1** gives further detail in respect of the 2019/20 position of all capital projects. It may be noted that a line for ANGUS Alive has been included in both tables 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 Nov 2019 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
Strategic Policy & Economy	830	22	2.7	824	6
Communities – Planning & Communities	1,318	19	1.4	907	411
Communities – Environmental Services	3,369	613	18.2	2,364	1,005
Infrastructure – Property Asset	2,808	1,567	55.8	2,857	(49)
Infrastructure – Roads & Transportation	7,858	3,747	47.7	7,592	266
Schools & Learning	18,244	9,816	53.8	18,138	106
Information Technology	1,209	179	14.8	698	511
Angus Health & Social Care Partnership	895	0	0	606	289
ANGUS Alive	532	320	60.2	650	(118)
<b>Net Total</b>	<b>37,063</b>	<b>16,283</b>	<b>43.9</b>	<b>34,636</b>	<b>2,427</b>

**Table 2 – NET Capital Expenditure**

Programme	Net Budget £000	Actual To 30 Nov 2019 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
Strategic Policy & Economy	650	16	2.5	650	0
Communities – Planning & Communities	200	0	0	100	100
Communities – Environmental Services	2,630	545	20.7	2,082	548
Infrastructure – Property Asset	2,508	1,567	62.5	2,532	(24)
Infrastructure – Roads & Transportation	7,005	3,785	54.0	6,577	428
Schools & Learning	10,923	8,284	75.8	10,882	41
Information Technology	952	179	18.8	658	294
Angus Health & Social Care Partnership	895	0	0	606	289
ANGUS Alive	27	300	1111.1	145	(118)
<b>Net Total</b>	<b>25,790</b>	<b>14,676</b>	<b>56.9</b>	<b>24,232</b>	<b>1,558</b>

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 43.9% on a gross basis and 56.9% on a net basis. For information purposes it is commented that the 2018/19 actual spend outturn was 83.0% (gross) and 80.1% (net).
- 4.4 Members will note that with 8 months (66.67%) 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 2020 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 £24.232 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	25,790	24,232	1,558
Borrowing	6,166	4,608	1,558
General capital grant (balance)	19,524	19,524	-
Corporate capital receipts	100	100	-
Total funding	25,790	24,232	1,558

## 5 COMMENTARY ON SIGNIFICANT MONITORING ISSUES

- 5.1 The following table(s) detail those departments / services 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 Director.

**5.3 Table 4 – Communities – Planning & Communities**

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
11	Participatory Budgeting	100	Delays to voting on projects (which will now take place on 7 February 2020) will lead to funding being issued in March 2020. Resource, process and procedural pressures will mean it will not be possible for all monies to be issued by the end of the financial year. The underspend will be allocated to identified projects and will be issued as soon as possible after the financial year end.
12	Town Centre Fund	311	Projects have been identified, but not all spend is possible within 2019/20 due to a number of factors including design work and already

			established project timescales. The underspend has been allocated to identified projects and will be spent by September 2020 at the latest.
	<b>Gross Under / (Over)spend</b>	<b>411</b>	

**Table 5 – Communities – Environmental Services**

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
17	Redesign of Montrose Splash Paddling Pool	75	Project on hold due to additional funding required. This was approved by the P&R Committee on 26 November.
18	Replacement of equipment at Montrose Splash Paddling Pool	75	Project on hold due to additional funding required. This was approved by the P&R Committee on 26 November.
20	Restenneth Landfill Site – Phase 3b Capping	527	Continued dialogue with regulatory bodies and requirement to adjust our final detailed design drawing for the site to address drainage issues.
29	Kirriemuir Cemetery Extension	76	Slipped to 20/21 due to timescales of planning application and subsequent tender submissions.
30	Development of Transfer Area at Restenneth Landfill Site	136	Slipped to 20/21 due to resources being directed to other prioritised projects in the current year.
31	New Staff Welfare Facility at Restenneth landfill Site	100	Due to prioritisation of schools project and the lead time for delivery of a portacabin this will slip to 20/21.
	Other Minor Variances	16	
	<b>Gross Under / (Over)spend</b>	<b>1,005</b>	

**Table 6 – Infrastructure – Property Asset**

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
40	Capitalised Maintenance (Reclassified R&R) - Schools & Learning Block Allocation	(19)	Project's Final Accounts and Fees received.
46	Capitalised Maintenance (Main Infrastructure Replacement)	(25)	Fire Safety works required, however this will be funded by a revenue contribution from Schools & Learning.
	Other Minor Variances	(5)	
	<b>Gross Under / (Over)spend</b>	<b>(49)</b>	

**Table 7 – Infrastructure – Roads & Transportation**

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
53	Arbroath Flood Strategy (Brothock Burn/ Seawall Projects)	349	Project slippage to 2020/21 per report to Communities Committee 12 November 2019.
57	Carriageway/Footway Reconstruction	(230)	Additional grant received from Stirling & Tayside Timber Transport Group.

59	Roads Structure Repairs/Strengthening	140	The service's ability to commission this work has been adversely affected by specialist staff leaving, and a delay in recruiting replacement staff.
61	Coastal Protection / River Flood Alleviation	210	Underspend to offset Reservoirs Infrastructure Repairs overspend.
68	Conversion to LED Street Lighting	253	Project slipped to 2020/21 due to staff resource issue related to the transition of the street lighting team to a partnership with Dundee, Perth & Kinross Councils and Tayside Contracts.
71	Reservoirs Infrastructure Repairs	(180)	Agreed full contract over 1 year, not phased over 3 years as initially proposed.
73	Arbroath Harbour – Pontoon & Chill Room Installations	(180)	Fully funded by external sources and Arbroath Harbour Reserve Fund.
	Other Minor Variances	(96)	
	<b>Gross Under / (Over)spend</b>	<b>266</b>	

**Table 8 – Schools & Learning**

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
79	Provision for Relocation of Temporary Classrooms at Muirfield Primary School	(73)	Underestimated costs of setting up temporary classrooms.
80	Provision Towards Extension at Edzell Primary School	114	This is due to a minor adjustment to the phasing of this project.
88	Early Learning & Childcare Centre, Carnoustie	143	This project was recently the subject of a tendering exercise. The total estimated costs and re-phased expenditure position reflects the result of this exercise.
89	Early Learning & Childcare Centre, Forfar	(144)	This project was recently the subject of a tendering exercise. The total estimated costs and re-phased expenditure position reflects the result of this exercise.
94	Early Years Expansion – Extension / Outdoor Nursery at Lochside Primary School	66	The phasing has been revised to reflect the internal alteration works to the school which will now be undertaken in 2020 summer holidays.
	<b>Gross Under / (Over)spend</b>	<b>106</b>	

**Table 9 – Information Technology**

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
104	Corporate Infrastructure Renewal	40	Data Centre Resilience Programme investment is less than anticipated in 19/20.
105	Network Infrastructure Renewal	40	Delays in Agile Programme rollout will result in lower expenditure in 19/20.
108	Software Licensing – Core Components	300	Project reclassified to revenue during the year.
113	IT Hardware Refresh Programme	121	Significant programme of upgrade to Solid State Drive and Windows

			10 to current end user devices has meant less investment required in 19/20.
	Other Minor Variances	10	
	<b>Gross Under / (Over)spend</b>	<b>511</b>	

**Table 10 – Angus Health & Social Care Partnership**

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
120	Provision for Complex Care Accommodation	250	Agreed there will be no capital spend in 19/20 and will be rolled over into future years. The Service is considering what works will be undertaken in 20/21 but this is likely to include improvement works at Seaton Grove at an initial estimate of under £200k.
121	Analogue to Digital Community Alarm	39	The Service reviewed projected spend for 19/20 and believes £106k to be a good estimate. The underspend will be transferred to 20/21.
	<b>Gross Under / (Over)spend</b>	<b>289</b>	

**Table 11 – ANGUS Alive**

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
123	Library / ACCESS Integration - Forfar Library	(117)	New radio frequency identification self-service system to be procured and installed in 19/20 – brought forward from later years.
	Other Minor Variances	(1)	
	<b>Gross Under / (Over)spend</b>	<b>(118)</b>	

## 6 HOUSING CAPITAL MONITORING

- 6.1 Table 12 below sets out for information purposes, a summary of the position on the Housing Revenue Account (HRA) capital monitoring which was reported to the Communities Committee of 12 November 2019 (report 369/19 refers)

**Table 12 – Housing Capital Programme**

Expenditure / Funding Source	Monitoring Budget £000	Latest Projection £000	Variance £000
Projected net expenditure	18,535	15,370	3,165
Borrowing (including Survive & Thrive)	7,289	4,124	3,165
Capital receipts	1,475	1,475	-
Capital Funded From Current Revenue	8,451	8,451	-
Affordable Housing Reserve	500	500	-
Transfer from Earmarked Reserves	820	820	-
Total funding	18,535	15,370	-

- 6.2 Members may wish to refer to report 369/19 for further detail.

## **7 CAPITAL PROJECTS MONITORING GROUP**

- 7.1 The third Capital Projects Monitoring Group (CPMG) meeting of the 2019/20 financial year, which took place on 28 November 2019, considered and made recommendations with regard to the proposed 2019/20 capital monitoring budget.
- 7.2 The next meeting of the CPMG will take place on 30 January 2020, 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 Legal & Democratic Services.

## **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 Director where considered appropriate.

**IAN LORIMER**  
**DIRECTOR OF 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