

## Commentary on Net Capital Expenditure against Budget – General Fund

A commentary on the significant areas of variance between budget and actual for each council directorate is outlined below:

Service	Net Under / (Over) Spend £m	Significant Areas of Under / (Over) Spend
Strategic Policy, Transformation & Public Sector Reform	0.551	<ul style="list-style-type: none"> <li>Montrose South Regeneration (£0.420m) – unable to agree compensation with property owners so matter referred to the Lands Tribunal for determination. Still awaiting date for Lands Tribunal.</li> </ul>
Communities	1.128	<ul style="list-style-type: none"> <li>Participatory Budgeting (£0.200m) – programme reclassified to revenue during the year as projects coming through were largely revenue in nature.</li> <li>Restenneth Landfill Site Phase 3b Capping (£0.549m) – dialogue with regulatory bodies taking longer than anticipated and requirement to adjust final detailed design for the site to address drainage issues.</li> <li>Restenneth Landfill Site Transfer Area and Staff Welfare Facility (£0.236m) – design staff resources directed to other prioritised projects.</li> </ul>
Infrastructure	0.883	<ul style="list-style-type: none"> <li>Arbroath Flood Strategy (£0.273m) – delay due to unforeseen requirement to review the application of financial checks for the European Single Procurement Document procurement (Information Report 368/19, Schedule 3 refers).</li> <li>Road Structure Repairs / Strengthening (£0.270m) – ability to commission work adversely affected by specialist staff leaving and delay in recruiting replacement staff.</li> <li>Coastal Protection / River Flood Alleviation (£0.250m) – managed underspend, partly used to offset infrastructure repairs at reservoirs.</li> </ul>
Schools & Learning	0.957	<ul style="list-style-type: none"> <li>Arbroath Schools Project (£1.141m) – project rephased as potential risks in relation to asbestos and demolition, whilst still present, have not yet materialised.</li> <li>Provision Towards Extension at Edzell Primary School (£0.300m) – adjustments made to the phasing of the project and COVID-19 impact on year end spend.</li> <li>Forfar Community Campus (-£0.833m) – capital receipt from sale of land not yet achieved.</li> </ul>
Digital Enablement & Information Technology	0.613	<ul style="list-style-type: none"> <li>IT Hardware Refresh Programme (£0.150m) – significant programme of upgrade to Solid State Drive and Windows 10 to existing devices so less investment required. Small underspends on a number of other programmes.</li> </ul>
Angus Health & Social Care Partnership	0.867	<ul style="list-style-type: none"> <li>Provision for the Gables Replacement (£0.500m) – delay in obtaining signed agreement.</li> <li>Provision for Complex Care Accommodation (£0.250m) – it was agreed this budget would not be used in 2019/20 and would likely be put towards future improvement works at Seaton Grove.</li> </ul>
Angus Alive	0.045	<ul style="list-style-type: none"> <li>No significant net underspends.</li> </ul>
General Fund Underspend	5.044	

### Commentary against Last Projected Outturn

The most recent projected outturn for 2019/20 based on February 2020 ledgers showed an anticipated underspend on a net basis for General Fund services of £5.369 million (Information Report to Special Arrangements Committee, 26 May 2020, Schedule 1 refers). The actual underspend of £5.044 million at the year end shows a decrease in the underspend of £0.325 million from the previously reported position.

The more significant movements which have arisen when comparing actual net expenditure to the outturns noted in the Information Report include:

Service	Movement in Outturn £m	Commentary
Infrastructure – Property Asset	0.315	Works expenditure (including accruals) on Agile Angus / Estates Review project higher than anticipated prior to end of financial year.
Infrastructure – Roads & Transportation	(0.429)	Underspends increased marginally on a number of projects, the most significant of which being on Roads Infrastructure (Supplementary Budget Allocation).
Schools & Learning	0.632	No capital receipt from sale of land at Forfar Community Campus.

### **Commentary on Net Capital Expenditure against Budget – Housing Revenue Account**

A commentary on the significant areas of variance between budget and actual for the Housing Revenue Account is outlined below:

Capital Programme	Net Under / (Over) Spend £m	Significant Areas of Under / (Over) Spend
New Build	2.548	<ul style="list-style-type: none"> <li>Spend on the housing redevelopment at Timmergreens, Arbroath has slipped due to delays in finalising design drawings and cost plans. Partly offset by slippage relating to the acquisition of Invertay House (delayed due to Community Asset Transfer application) and plans for housing units at Clifftown, Arbroath and Jubilee Park, Letham.</li> </ul>
Conversion	(0.068)	<ul style="list-style-type: none"> <li>A number of minor variances – no major variances to report.</li> </ul>
Aids & Adaptations	(0.078)	<ul style="list-style-type: none"> <li>A number of minor variances – no major variances to report.</li> </ul>
Improvements	0.014	<ul style="list-style-type: none"> <li>A number of minor variances – no major variances to report.</li> </ul>
Heating Installations & Replacements	0.598	<ul style="list-style-type: none"> <li>Termination of heating contract as a result of poor contractor performance resulted in delays to the heating replacement programme pending identification of a replacement contractor.</li> </ul>
Window Replacements	0.115	<ul style="list-style-type: none"> <li>A number of minor variances – no major variances to report.</li> </ul>
Energy Savings	1.964	<ul style="list-style-type: none"> <li>Slippage due to preparation of complex Energy Efficiency Standard for Social Housing (EESH) project. The contractor has chosen to carry out all surveys at the start of the project to provide a clear overall picture of the works. Despite slippage in 2019/20 – the overall project remains on track for completion within the agreed contractual period.</li> </ul>
Sheltered Housing	0.410	<ul style="list-style-type: none"> <li>General allowance for improvement works not required. Slippage in respect of 3 lift replacement projects. Delay to replacement warden call / door entry system.</li> </ul>
Kitchen Replacements	(0.161)	<ul style="list-style-type: none"> <li>A number of minor variances – no major variances to report.</li> </ul>
Bathroom Replacements	0.551	<ul style="list-style-type: none"> <li>Slippage as a result of problems experienced by the contractor with supply of materials and workforce resources.</li> </ul>
Miscellaneous	0.307	<ul style="list-style-type: none"> <li>Tender returns for the garage replacement programme were lower than expected.</li> </ul>
Housing Capital Underspend	6.200	

### Commentary against Last Projected Outturn

The most recent projected outturn for 2019/20 based on December 2019 ledgers showed an anticipated underspend on a net basis for Housing Revenue Account capital of £4.221 million (report 42/20 refers). The actual underspend of £6.200 million at the year-end shows an increase in the underspend of £1.979 million from the previously reported position.

The more significant movements which have arisen when comparing actual net expenditure to the outturns noted in report 42/20 include:

Capital Programme	Movement in Outturn £m	Commentary
Energy Savings	1.483	Additional slippage as a result of the decision to complete all surveys prior to start of this complex EESSH project. Overall completion still expected within agreed contractual period as noted above.
Sheltered Housing	0.215	Slippage in respect of lift replacements in Carnoustie, Forfar and Kirriemuir and further delay to the replacement warden call / door entry system.
Bathroom Replacements	0.231	Additional slippage across the programme as a result of ongoing supply issues.