

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

A commentary on the significant areas of variance between budget and actual for each department / service is outlined below:

Department / Service	Net Under / (Over) Spend £m	Significant Areas of Under/Overspend
Strategic Policy, Transformation & Public Sector Reform	0.450	<ul style="list-style-type: none"> <li>Montrose South Regeneration (£0.403m) - awaiting date for the Lands Tribunal to determine compensation payments.</li> </ul>
Communities	1.354	<ul style="list-style-type: none"> <li>Restenneth Landfill Site Phase 3b Capping (£0.259m) - delay in signing off agreement with regulators and contractors for the initial works required to enable capping works to proceed.</li> <li>Parks Service Projects (£0.257m) - projects slipped due to weather and other factors. Some underspends will be utilised to supplement capital allocation in 2021/22.</li> </ul>
Infrastructure	5.233	<ul style="list-style-type: none"> <li>Arbroath (Brothock Water) Flood Protection Scheme (£2.302m) - the delivery programme of the project has been under detailed review with the appointed contractor. A revised expenditure profile has been prepared, resulting in an underspend in 2020/21 which will be reprofiled into future years.</li> <li>Carriageway / Footway Reconstruction / Supplementary Core Capital Maintenance (£1.169m) - additional spend on surface dressing of £0.500m offset by significant delays due to winter weather.</li> <li>Route Action Plan Montrose to A90 Road Link (£0.955m) - the original phasing of this project allowed for an initial phase of construction works in this year. This has been deferred based on the developing transport appraisal and design development per schedule 1 of report 368/19.</li> </ul>
Education & Lifelong Learning	0.290	<ul style="list-style-type: none"> <li>Arbroath Schools Project: Hayshead / St Thomas PS; Ladyloan PS; Muirfield PS (£0.593m) - spend was reprofiled to take account of the potential outcome of COVID-19 costs, with the available budget accommodating the additional costs. Replacement play structures are now to be installed in financial year 2021/22.</li> <li>Provision Towards Edzell PS (-£0.394m) – internal funding (revenue, etc.) moved to other projects within capital programme, offsetting to a significant degree a minor underspend on gross expenditure.</li> </ul>
Digital Enablement & Information Technology	0.462	<ul style="list-style-type: none"> <li>DSE IT Provision Work from Home (£0.217m) - problems with supply chain has resulted in deferral of spend to 2021/22. A considerable volume of equipment is on order.</li> </ul>

Angus Health & Social Care Partnership	0.936	<ul style="list-style-type: none"> <li>Provision for The Gables Replacement (£0.500m) - timeline slipped to 2021/22 due to unexpected issues whilst developing project.</li> <li>Provision for Complex Care Accommodation (£0.250m) – reprofiled due to changes in the Care Home Sector.</li> </ul>
Angus Alive	0.055	<ul style="list-style-type: none"> <li>No significant net underspends</li> </ul>
General Fund Underspend	8.780	

### Commentary against Last Projected Outturn

The most recent projected outturn for 2020/21 based on February 2021 ledgers showed an anticipated underspend on a net basis for General Fund services of £8.247 million (Report 130/21 refers). The actual underspend of £8.780 million at the year end shows an increase in the underspend of £0.533 million from the previously reported position.

The more significant movements which have arisen when comparing actual net expenditure to the outturns noted in Report 130/21 include:

Department / Service	Movement in Outturn £m	Commentary
Infrastructure – Property Asset	355 (reduction in net spend)	Disposal proceeds from sale of surplus properties were higher than the outturn indicated in February, offsetting what was then anticipated to be a significant overspend
Infrastructure – Roads & Transportation	188 (increase in underspend)	Underspends increased marginally on a number of projects, the most significant of which being Arbroath Flood Protection Scheme and Carriageway and Footway Reconstruction / Supplementary Core Capital Maintenance

### **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	(0.963)	<ul style="list-style-type: none"> <li>Whilst construction works were affected throughout the year by COVID-19 restrictions, it was possible to claw back some of the delayed programme at the 2 live Timmergreens sites in Arbroath, albeit with some additional costs reflecting new safer working practices as lockdown restrictions eased.</li> <li>This, combined with the completion of works at the Abbey Quarter (Arbroath), Dunarn Terrace (Newtyle), Damacre Road (Brechin) and the appropriation of 11 properties from the General Fund, resulted in an overspend in this area which partly offset the underspends in other areas of the HRA capital programme.</li> </ul>
Conversion	0.236	<ul style="list-style-type: none"> <li>This area of the programme was similarly affected by the impact of COVID-19 restrictions.</li> </ul>
Aids & Adaptations	0.014	<ul style="list-style-type: none"> <li>A number of minor variances – no major variances to report.</li> </ul>
Heating Installations & Replacements	1.168	<ul style="list-style-type: none"> <li>Pilot gas upgrades have been held up as a result of delays in the installation of supplies by SGN.</li> <li>COVID-19 restrictions have also impacted this area of the programme with work not allowed inside homes for much of the year.</li> </ul>
Window Replacements	0.422	<ul style="list-style-type: none"> <li>COVID-19 restrictions impacted this area of the programme with work not allowed inside homes for much of the year.</li> </ul>

Energy Savings	1.660	<ul style="list-style-type: none"> <li>A reduced programme of works in 2020/21 resulted from limitations of the contractor's labour resource. The contractor requires additional resource to deliver the programme as desired and issues regarding recruitment of suitably skilled resource have been raised. It is noted though that this is a challenge for the construction industry across Scotland.</li> </ul>
Sheltered Housing	0.280	<ul style="list-style-type: none"> <li>As with other areas of the wider HRA capital programme, this area was impacted by COVID-19 restrictions throughout the year.</li> </ul>
Kitchen Replacements	0.097	<ul style="list-style-type: none"> <li>A number of minor variances – no major variances to report.</li> </ul>
Bathroom Replacements	(0.274)	<ul style="list-style-type: none"> <li>This area has overspent despite the impact of COVID-19 as it was possible to accelerate some works when allowed under the lockdown tier system, but also by focusing on void and change of tenancy properties at other points of the year.</li> </ul>
Miscellaneous	0.408	<ul style="list-style-type: none"> <li>Work on the programme of smoke detector upgrades was delayed due to COVID-19 restrictions with work not allowed inside homes for much of the year.</li> </ul>
Housing Capital Underspend	3.048	

#### Commentary against Last Projected Outturn

The most recent projected outturn for 2020/21 based on December 2020 ledgers showed an anticipated underspend on a net basis for Housing Revenue Account capital of £0.700 million (report 21/21 refers). The actual underspend of £3.048 million at the year-end shows an increase in the underspend of £2.348 million from the previously reported position.

The more significant movements which have arisen when comparing actual net expenditure to the outturns noted in report 21/21 include:

Capital Programme	Movement in Outturn £m	Commentary
New Build	1.008	Additional slippage due to the return to level 4 lockdown restrictions and the impact on not being able to carry out work inside homes.
Heating Installations	0.295	Additional slippage due to the return to level 4 lockdown restrictions and the impact on not being able to carry out work inside homes.
Window Replacements	0.402	Additional slippage due to the return to level 4 lockdown restrictions and the impact on not being able to carry out work inside homes.
Energy Savings	0.161	Additional slippage due to contractor's limited labour resource issue.
Sheltered Housing	0.273	Additional slippage due to the return to level 4 lockdown restrictions and the impact on not being able to carry out work inside homes.
Miscellaneous	0.558	Additional slippage due to the return to level 4 lockdown restrictions and the impact on not being able to carry out work inside homes.