

# AGENDA ITEM NO 5

REPORT NO 322 / 21

## ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 26 OCTOBER 2021

CAPITAL MONITORING – GENERAL FUND CAPITAL PROGRAMME – 2021/22

REPORT BY THE DIRECTOR OF FINANCE

### ABSTRACT

This report appraises members of the capital expenditure incurred for the period from 1 April 2021 to 31 August 2021 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 COUNCIL PLAN

- 2.1 The projects undertaken through the General Fund capital programme reflect the council's corporate priorities and contribute as a whole to the local outcomes contained within the Council 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 264/21 approved the 2021/22 Final Capital Budget Volume, detailing the updated 2020/2025 Capital Plan which includes the capital monitoring budget for 2021/22. The 2021/22 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 2021/22 as at 31 August 2021 on a gross and net (after the deduction of funding contributions) basis respectively. **Appendix 1** gives further detail in respect of the 2021/22 position of all capital projects. It may be noted that a line for ANGUSalve has been included in both tables as projects relating to buildings and other physical assets occupied / used by ANGUSalve are 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 Aug 2021 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
Finance	0	0	0.0	0	0
Communities – Economic Development	160	0	0.0	160	0
Communities – Environmental Services	3,399	302	8.9	3,602	(203)
Communities – Planning & Sustainable Growth and Vibrant Communities	1,162	307	26.4	1,162	0
Infrastructure – Property Asset	1,599	650	40.7	1,589	10
Infrastructure – Roads & Transportation	17,478	3,989	22.8	17,578	(100)
Education & Lifelong Learning	3,177	839	26.4	3,163	14
Information Technology	850	117	13.8	861	(11)
Angus Health & Social Care Partnership	476	12	2.5	215	261
ANGUSalve	473	10	2.1	496	(23)
Tay Cities Deal	1,888	458	24.3	1,764	124
<b>Net Total</b>	<b>30,662</b>	<b>6,684</b>	<b>21.8</b>	<b>30,590</b>	<b>72</b>

**Table 2 – NET Capital Expenditure**

Programme	Net Budget £000	Actual To 31 Aug 2021 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
Finance	0	0	0.0	0	0
Communities – Economic Development	97	0	0.0	97	0
Communities – Environmental Services	3,001	92	3.1	3,145	(144)
Communities – Planning & Sustainable Growth and Vibrant Communities	0	0	0.0	0	0
Infrastructure – Property Asset	1,299	650	50.0	1,299	0
Infrastructure – Roads & Transportation	15,836	3,971	25.1	15,836	0
Education & Lifelong Learning *	586	496	84.6	1,293	(707)
Information Technology	850	117	13.8	861	(11)
Angus Health & Social Care Partnership	476	12	2.5	215	261
ANGUSalve	62	4	6.5	85	(23)
Tay Cities Deal	413	80	19.4	289	124
<b>Net Total</b>	<b>22,620</b>	<b>5,422</b>	<b>24.0</b>	<b>23,120</b>	<b>(500)</b>

\* The actual spend of £496,000 is net of £569,000 early years revenue funding which will be drawn down at the year end.

- 4.2 A small number of 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 With five months (41.7 per cent) of the financial year gone the actual spend levels presented in Tables 1 and 2 are extremely low, at 21.8 per cent on a gross basis and 24.0 per cent on a net basis respectively.
- 4.4 Up to 10 per cent of annual capital spend can come through as accruals at the year end. The value of work completed up to 31 March 2022 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. It should also 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. For information purposes, the 2020/21 actual spend outturn was 67.2 per cent (gross) and 56.4 per cent (net), although these numbers must be taken within the context of the disruption to capital programmes caused by the COVID-19 pandemic.
- 4.5 The projected net expenditure of £23.120 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	<i>Monitoring Budget</i> £000	<b>Latest Projection</b> £000	Variance £000
Projected net expenditure	22,620	<b>23,120</b>	(500)
Borrowing	6,447	<b>6,744</b>	(297)
General capital grant (balance) *	9,790	<b>9,993</b>	(203)
CFCR (Balance of Special Repayments)	1,043	<b>1,043</b>	-
Corporate Capital Fund contribution	2,850	<b>2,850</b>	-
Corporate capital receipts from sale of assets	2,490	<b>2,490</b>	-
Total funding	22,620	<b>23,120</b>	(500)

\* additional funding allocated for Renewal of Play Parks (£108,000) and Nature Restoration Fund (£95,000) - to be paid as general capital grant (per revised Offer of Grant letter of 10 September 2021). The associated expenditure will require to be built into the capital monitoring statement once options for the funding's use have been further developed.

## 5. COMMENTARY ON SIGNIFICANT MONITORING ISSUES

- 5.1 The following table(s) detail those 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). While 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.

**Table 4 – Communities – Environmental Services**

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
12	Waste Vehicle Replacement Programme 2021/22	(583)	Based on tenders received RCV's are now expected to be delivered in January 2022. These were originally budgeted for in 2022/23. This will be partially offset by slippage on other vehicles. The forecast actual cost in 21/22 is £1.869m
13	General Vehicle Replacement Programme 2021/22	379	Delays are expected on delivery of some vehicles and these have slipped into 2022/23
	Other Minor Variances	1	
	<b>Gross Under / (Over)spend</b>	<b>(203)</b>	

**Table 5 – Infrastructure – Roads & Transportation**

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
61	Electric Vehicle Charging	(100)	Additional project fully funded by Scottish Government Specific Grant (Transport Scotland).
	<b>Gross Under / (Over)spend</b>	<b>(100)</b>	

**Table 6 – Angus Health & Social Care Partnership**

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
110	Provision for Complex Care Accommodation	125	Further to changes in the Care Home sector, the provision of mental health services was reviewed and spend on the mental health wing at Seaton Grove will take place in 2022/23
111	Analogue to Digital Community Alarm	186	Slippage due to staffing issues and shortage of equipment. The programme will however finish earlier than expected.
112	Seaton Grove Improvements	(50)	Initially only anticipated to spend £50,000 on kitchen works in 2021/22, however a new call system has been advanced from a future year at an expected cost of £50,000.
	<b>Gross Under / (Over)spend</b>	<b>261</b>	

**Table 7 – Tay Cities Deal**

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
119	Angus Fund - Mercury Drone Project	124	Delays in Civil Aviation Authority approval of licences for drone flight paths.
	<b>Gross Under / (Over)spend</b>	<b>124</b>	

- 5.4 With regard to the non enhancing Montrose Playhouse Project (project no. 20) being overseen by Communities, a gross overspend of £300,000 against budget is projected. This simply reflects additional funding that has been awarded from the Scottish Government's Regeneration Capital Grant Fund to support final completion of the project. This particular project is classified as non enhancing as it involves the transfer of grant to fund capital expenditure on a third party's assets.

## 6. HOUSING CAPITAL MONITORING

- 6.1 Table 8 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 28 September 2021 (report 308/21 refers).

**Table 8– Housing Capital Programme**

Expenditure / Funding Source	<i>Monitoring Budget</i> £000	<b>Latest Projection</b> £000	Variance £000
Projected net expenditure	20,145	<b>20,145</b>	-
Borrowing (including Survive & Thrive)	7,764	<b>7,764</b>	-
Capital receipts	72	<b>72</b>	-
Capital receipts – Shared Equity	2,686	<b>2,686</b>	-
Capital Funded from Current Revenue	7,714	<b>7,714</b>	-
Affordable Housing Reserve	300	<b>300</b>	-
Transfer from Earmarked Reserves	1,609	<b>1,609</b>	-
Total funding	20,145	<b>20,145</b>	-

- 6.2 Members may wish to refer to report 308/21 for further detail.

## 7. CAPITAL PROJECTS MONITORING GROUP

- 7.1 The first Capital Projects Monitoring Group (CPMG) meeting of the 2021/22 financial year took place on 5 August 2021, when the Group considered and made recommendations regarding the updated 2020/2025 Capital Plan and proposed 2021/22 capital monitoring budget.
- 7.2 The second meeting of the CPMG took place on 7 October 2021, where expenditure to date, projected outturns and any necessary remedial action were 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.

## 9. EQUALITY IMPACT ASSESSMENT

- 9.1 An Equality Impact assessment is not required.

**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