Appendix C

Commentary on Net Capital Expenditure against Budget – General Fund

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

Department / Service	Net Under / (Over) Spend £ million	Significant Areas of Under/Overspend
Vibrant Communities & Sustainable Growth	1.193	• Restenneth Landfill Site Phase 3b Capping (£0.233m) - tenders returned and the lowest bid is higher than budget. There are issues with the tenders which are currently being investigated and as a result the project has slipped. • Parks Service Projects (£0.255m) - projects slipped due to delivery issues. Underspends will be used to supplement capital allocation in 2022/23. • General Vehicle Replacement Programme 2021/22 (£0.474) – underspend due to delivery issues.
Infrastructure	3.914	• Arbroath (Brothock Water) Flood Protection Scheme (£3.011m) – revised spend profile received from the contractors. This has been the result of time being required for the flood embankments to settle. • Carriageway / Footway Reconstruction / Supplementary Core Capital Maintenance (£0.406m) - Works slipped into 2022/23 due to Tayside Contracts having staff resource issues resulting from Covid-19.
Education & Lifelong Learning	0.570	• Replacement of Monifieth HS (Schools for the Future) (£0.472m) – this project has been rephased in line with likely future spend.
Digital Enablement & Information Technology	0.352	• Display Screen Equipment IT Provision Work from Home (£0.232m) – the underspend has occurred as a result of issues with the supply chain and a delay in the completion of the business case relating to agile working.
Angus Health & Social Care Partnership	0.276	• Analogue to Digital Community Alarm (£0.189m) - slippage due to staffing issues and shortage of equipment. The programme will however finish earlier than expected.
Tay Cities Deal	0.115	• Angus Fund Mercury Drone Project (0.116m) – delay in Civil Aviation Authority approval of licences to drone flight paths.
Angus Alive	(0.019)	• No significant variances
General Fund Underspend	**6.401**	

Commentary against Last Projected Outturn

The most recent projected outturn for 2021/22 based on January 2022 ledgers showed an anticipated underspend General Fund services of £2.010 million (Report 83/22 refers). The actual underspend of £6.401 million at the year end is an increase in the underspend of £4.391 million from the previously reported position.

The more significant movements which have arisen when comparing actual net expenditure to the outturns noted in Report 83/22 include:

Department / Service	Movement in Outturn £ million	Commentary
Vibrant Communities & Sustainable Growth	0.676 (increase in underspend)	This is mainly due to lower than estimated spend on a number of projects, the most significant of which being Nature Restoration Works, Parks Services projects and Place Based Investment Programme.
Infrastructure – Roads & Transportation	2.458 (increase in underspend)	This is mainly due to a significant increase on the underspend relating to Arbroath (Brothock Water) Flood Protection Scheme as a result of the requirement to allow the flood embankments to settle. The contractor has revised the spend profiles accordingly. There was also increased slippage on Carriageway and Footway Reconstruction / Supplementary Core Capital Maintenance projects resulting from staff resource issues with Tayside Contracts.
Education & Lifelong Learning	0.943 (increase in underspend)	The main reason for the underspend movement was that the January estimate assumed that the £0.760 million appropriation from the Housing Revenue Account to the Forfar Academy Community Campus would not take place in 2021/22 but this did take place prior to financial year end.

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 £ million	Significant Areas of Under / (Over) Spend
New Build	(0.265)	The programming of all new build projects has become even more challenging because of the volatile market conditions for construction.
Shared Equity	(0.738)	An opportunity arose during the financial year to acquire six additional new supply properties off the shelf which enabled the drawdown of unused affordable housing supply grant. Although, this had a net impact of an overspend in 2021/22, we will get the benefit of shared equity receipts in the coming years, whilst also increasing affordable supply.
Conversion	0.130	Conversion work has progressed well with ‘hard-to-let’ properties identified for alteration into larger family homes to meet demand. We have successfully argued for these re-modelled properties to attract new supply grant, generating additional capital for the HRA.

Aids & Adaptations	(0.028)	No major variances to report. .
Improvements	0.322	Work has been delayed as a result of title deed complexities, but projects are now moving forward with works being rephased into 2022/23. The budget will be realigned accordingly.
Heating Installations & Replacements	1.095	The gas pilot heating installation has been a concern throughout 2021/22 with works being rephased into 2022/23. The budget will be realigned accordingly. This is because of challenges engaging tenants with meter installations, preventing works from commencing. This has in turn stalled the overall gas upgrade programme and resulted in an options appraisal being commissioned to review the viability of the original project intent. Direct engagement with tenants is being made to expedite the situation. The electrical heating upgrade to sheltered properties has been affected significantly by multiple global factors resulting in works being rephased into 2022/23. The budget will be realigned accordingly. Works are now underway with a projected completion in the autumn.
Window Replacements	0.062	Due to a combination of factors including global supply issues, window installations have been delayed resulting in an underspend. Works are now progressing well on site and the remaining works will be rephased into 2022/23 for completion. The budget will be realigned accordingly.
Energy Savings	(4.083)	This is not an overspend, but a managed acceleration of the programme to ensure that we deliver energy efficiency improvements for tenants as quickly as possible to offset the current energy crisis. Works have progressed well with all possible identified upgrades relating to EESSH (Energy Efficiency Standard for Social Housing) completed on site. Budgets are being managed within overall resources to accommodate the accelerated programme. As a result of positive contractor performance, contract works have been extended in to 2022/23 to begin to address EESSH2 upgrades in particularly deprived areas of HRA stock.
Sheltered Housing	0.041	No major variances to report.
Kitchen Replacements	(0.011)	No major variances to report.
Bathroom Replacements	0.209	As a result of poor performance resulting in removal of the appointed contractor from the contract, the bathroom replacement programme was paused in January 2022. This resulted in an underspend in 2021/22. This will be rephased into 2022/23 for a replacement contract in the Brechin area to carry out works to the addresses affected by the terminated contract.
Miscellaneous	(0.846)	The roll-out of the LD2 smoke alarm installation programme has been accelerated to tie in with legislative targets.
Housing Capital Overspend	(4.112)	

<u>Commentary against Last Projected Outturn</u>

The most recent projected outturn for 2021/22 based on December 2022 ledgers showed an anticipated overspend on a net basis for Housing Revenue Account capital of £3.429 million (report 31/22 refers). The actual overspend of £4.112 million at the year-end shows an increase in the overspend of £0.683 million from the previously reported position.

The more significant movements which have arisen when comparing actual net expenditure to the outturns noted in report 31/22 include:

Capital Programme	Movement in Outturn £ million	Commentary
New Build	0.134 (increase in overspend)	The programming of all new build projects has become even more challenging because of the volatile global environment.
Shared Equity	0.213 (increase in overspend)	Shared Equity sales previously anticipated in 2021/22 have not materialised. These sales are anticipated as being completed in 2022/23.
Improvements	0.247 (increase in underspend)	Work has been delayed as a result of title deed complexities.
Heating Installations	0.419 (increase in underspend)	Additional slippage due to the evolving energy crisis and global supply issues.
Energy Savings	0.583 (increase in overspend)	An intentional acceleration of programme - is being managed within overall resources.
Miscellaneous	0.573 (increase in overspend)	The roll-out of the LD2 smoke alarm installation programme has been accelerated to tie in with legislative targets.