

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 25 OCTOBER 2022

CAPITAL MONITORING – GENERAL FUND CAPITAL PROGRAMME – 2022/23

REPORT BY THE DIRECTOR OF FINANCE

ABSTRACT

This report appraises members of the capital expenditure incurred for the period from 1 April 2022 to 31 August 2022 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 227/22 approved the 2022/23 Final Capital Budget Volume, detailing the updated 2021/2026 Capital Plan which includes the capital monitoring budget for 2022/23. The 2022/23 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 2022/23 as at 31 August 2022 on a gross and net (after the deduction of funding contributions) basis respectively. **Appendix 1** gives further detail in respect of the 2022/23 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 August 2022 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
Finance	0	0	0	0	0
Vibrant Communities & Sustainable Growth:					
– Economic Development	590	48	8.1	590	0
– Environmental Services	4,585	899	19.6	4,672	(87)
– Planning & Sustainable Growth *	99	0	0.0	99	0
Infrastructure – Assets	2,107	783	37.2	2,117	(10)
Infrastructure – Roads & Transportation	19,332	2,718	14.1	19,332	0
Education & Lifelong Learning	5,314	1,056	19.9	5,271	43
Information Technology	885	167	18.9	893	(8)
Angus Health & Social Care Partnership	1,009	0	0.0	1,009	0
ANGUSalve	1,490	374	25.1	1,490	0
Tay Cities Deal	1,078	75	7.0	1,078	0
Net Total	36,489	6,120	16.8	36,551	(62)

*Variance from budget within 2022/23 Final Capital Budget Volume as £185k of expenditure on Place Based Investment Programme is now deemed to be non-enhancing which is excluded from this table (see paragraph 4.2 below).

Table 2 – NET Capital Expenditure

Programme	Net Budget £000	Actual To 31 August 2022 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
Finance	0	0	0	0	0
Vibrant Communities & Sustainable Growth:					
– Economic Development	590	48	8.1	590	0
– Environmental Services	4,378	835	19.1	4,156	222
– Planning & Sustainable Growth	0	0	0	0	0
Infrastructure – Assets	1,481	818	55.2	1,491	(10)
Infrastructure – Roads & Transportation	13,258	2,758	20.8	13,258	0
Education & Lifelong Learning	4,608	1,036	22.5	4,531	77
Information Technology	885	167	18.9	893	(8)
Angus Health & Social Care Partnership	1,009	0	0	1,009	0
ANGUSalve	150	17	11.3	150	0
Tay Cities Deal	(148)	75	(50.7)	(148)	0
Net Total	26,211	5,754	22.0	25,930	281

- 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 (41.67 per cent) of the financial year gone the actual spend levels presented in Tables 1 and 2 are low, at 16.8 per cent on a gross basis and 22.0 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 2023 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 2021/22 actual spend outturn was 74.5 per cent (gross) and 71.7 per cent (net).
- 4.5 The projected net expenditure of £25.930 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	26,211	25,930	(281)
Borrowing	11,122	10,841	(281)
General capital grant (balance)	11,110	11,110	-
CFCR (Balance of Special Repayments)	2,326	2,326	-
Corporate Capital Fund contribution	903	903	-
Corporate Contribution from Revenue	500	500	-
Corporate capital receipts from sale of assets	250	250	-
Total funding	26,211	25,930	(281)

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.

5.3 Table 4 – Vibrant Communities & Sustainable Growth – Environmental Services

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
8	Restenneth Landfill Site – Phase 3b Capping	70	Tendered price for works required in 22/23 has come back slightly less than anticipated, however the £70k underspend will be required in 23/24 as estimated works for that phase will require a budget bid.
26	Brechin Cemetery Culvert	(150)	New project due to drain collapse. Fully funded from Revenue
	Other Minor Variances	(7)	
	Gross Under / (Over)spend	(87)	

6. HOUSING CAPITAL MONITORING

- 6.1 Table 5 below sets out for information purposes, a summary of the position on the Housing Revenue Account (HRA) capital monitoring which was last reported to the Communities Committee of 27 September 2022 (report 327/22 refers).

Table 5 – Housing Capital Programme

Expenditure / Funding Source	<i>Monitoring Budget £000</i>	Latest Projection £000	Variance £000
Projected net expenditure	12,703	12,703	-
Borrowing (including Survive & Thrive)	5,091	5,091	-
Capital receipts	622	622	-
Capital Funded from Current Revenue	5,990	5,990	-
Affordable Housing Reserve	300	300	-
Transfer from Earmarked Reserves	700	700	-
Total funding	12,703	12,703	-

7. CAPITAL PROJECTS MONITORING GROUP

- 7.1 The first Capital Projects Monitoring Group (CPMG) meeting of the 2022/23 financial year took place on 11 August 2022, when the Group considered and made recommendations regarding the updated 2021/2026 Capital Plan and proposed 2022/23 capital monitoring budget.
- 7.2 The next meeting of the CPMG took place on 13 October 2022, where expenditure to 31 August 2022, projected outturns and any necessary remedial action was 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