

## AGENDA ITEM NO 5

REPORT NO 405/22

### ANGUS COUNCIL

#### POLICY & RESOURCES COMMITTEE – 6 DECEMBER 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 October 2022 and measures projected capital expenditure for the year against budgeted provision.

### 1. RECOMMENDATION

1.1 It is recommended that the committee:-

a) 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**).

b) approves the correction of an error within the 2021/2026 Final Capital Budget Volume as described in Section 7 of this report, noting that consideration of these and all other existing capital projects will, as normal, be subject to review as part of the 2023/24 budget setting process.

### 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 October 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 October 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	61	10.3	590	0
– Planning & Sustainable Growth *	99	57	57.6	99	0
Infrastructure & Environment:					
– Assets	2,107	1,059	50.3	2,221	(114)
– Environmental Services **	4,635	1,108	23.9	4,089	546
– Roads & Transportation	19,332	4,356	22.5	13,248	6,084
Education & Lifelong Learning	5,314	1,462	27.5	5,370	(56)
Information Technology	885	248	28.0	910	(25)
Angus Health & Social Care Partnership	1,009	8	0.8	1,009	0
ANGUSalive	1,490	621	41.7	1,490	0
Tay Cities Deal	1,078	78	7.2	1,078	0
<b>Net Total</b>	<b>36,539</b>	<b>9,058</b>	<b>24.8</b>	<b>30,104</b>	<b>6,435</b>

**Table 2 – NET Capital Expenditure**

Programme	Net Budget £000	Actual To 31 October 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	61	10.3	590	0
– Planning & Sustainable Growth*	0	0	0	0	0
Infrastructure & Environment:					
– Assets	1,481	1,097	74.1	1,495	(14)
– Environmental Services **	4,428	873	19.7	3,535	893
– Roads & Transportation	13,258	4,490	33.9	11,985	1,273
Education & Lifelong Learning	4,608	1,193	25.9	4,534	74
Information Technology	885	248	28.0	910	(25)
Angus Health & Social Care Partnership	1,009	8	0.8	1,009	0
ANGUSalive	150	33	22	150	0
Tay Cities Deal	(148)	78	-52.7	27	(175)
<b>Net Total</b>	<b>26,261</b>	<b>8,081</b>	<b>30.8</b>	<b>24,235</b>	<b>2,026</b>

\*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).

\*\*The 22/23 capital budget varies by £50k from budget detailed within 2021/26 Final Capital Budget Volume. This relates to a New Feature Playpark, Letham project approved per Council Tax Motion on 3 March 2022 which was omitted in error within the Final Capital Budget Volume – see section 7 below.

- 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 seven months (58.33 per cent) of the financial year gone the actual spend levels presented in Tables 1 and 2 are low, at 24.8 per cent on a gross basis and 30.8 per cent on a net basis respectively but these figures are skewed by the significant reprofiling of expenditure on the Arbroath Places for Everyone project from financial year 2022/23 to 2023/24.
- 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 £24.235 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 £000</i>	<b>Latest Projection £000</b>	Variance £000
Projected net expenditure	26,261	<b>24,235</b>	2,026
Borrowing	11,122	<b>9,096</b>	2,026
General capital grant (balance)	11,160	<b>11,160</b>	-
CFCR (Balance of Special Repayments)	2,326	<b>2,326</b>	-
Corporate Capital Fund contribution	903	<b>903</b>	-
Corporate Contribution from Revenue	500	<b>500</b>	-
Corporate capital receipts from sale of assets	250	<b>250</b>	-
Total funding	26,261	<b>24,235</b>	2,026

- 4.6 An allocation of £0.702 of general capital grant to support the further expansion of free school meals was made on 7 November. This is excluded from table 3 as officers within Education & Lifelong Learning are currently updating overall costings following the notification of this additional funding. This should be updated and reported in the next monitoring period.

## 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 – Infrastructure & Environment – Environmental Services**

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
29	Waste Vehicle Replacement Programme 2022/23	466	Slippage due to delays in delivery timescales caused by supply chain issues across the industry
42	The Splash, Montrose - Replacement Boundary Fence (final phase)	70	Work no longer required to be carried out as test digs established that fence posts are in better condition than anticipated.
43	Brechin Cemetery Culvert	(150)	New project due to drain collapse but fully funded from revenue
	Other Minor Variances	160	
	<b>Gross Under / (Over)spend</b>	<b>546</b>	

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

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
51	Arbroath (Brothock Water) Flood Protection Scheme	(140)	Based on current spend profile. The overspend will be accommodated within the overall 5 year capital plan resource.
58	Arbroath Places for Everyone	5,193	Spend will only be consultancy fees in 22/23. Much of the required public consultation/engagement elements of the design process were postponed to allow COVID restrictions to relax so that stakeholders could engage in various face-to-face events. This in turn led to delays in finalising the design. Main works are expected to commence in 23/24.
59	Montrose Coast Protection – Preliminary Works	456	Only spend in 22/23 will be on consultancy fees for restatement of the dunes. The costs have been rephased accordingly.
60	Pavement Parking Assessment and Implementation	272	Assessment for Angus is complete. Awaiting formal completion of National Regulations to allow implementation.
63	Roads Infrastructure Capital Maintenance	392	Monies provisionally earmarked for flooding alleviation works on A92 deferred until 2023/24
	Other Minor Variances	(89)	
	<b>Gross Under / (Over)spend</b>	<b>6,084</b>	

**6. HOUSING CAPITAL MONITORING**

- 6.1 Table 6 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 22 November 2022 (report 383/22 refers).

**Table 6 – Housing Capital Programme** (5 columns 7 rows)

Expenditure / Funding Source	<i>Monitoring Budget £000</i>	<b>Latest Projection £000</b>	Variance £000
Projected net expenditure	12,703	<b>11,376</b>	1,327
Borrowing (including Survive & Thrive)	5,091	<b>3,764</b>	1,327
Capital receipts	622	<b>622</b>	-
Capital Funded from Current Revenue	5,990	<b>5,990</b>	-
Affordable Housing Reserve	300	<b>300</b>	-
Transfer from Earmarked Reserves	700	<b>700</b>	-
Total funding	12,703	<b>11,376</b>	1,327

## 7. CORRECTION OF ERROR IN 2021/2026 FINAL CAPITAL BUDGET VOLUME

- 7.1 In setting the 2022/23 revenue and capital budgets in March 2022 the Council agreed to include the 3 projects below in the 5 year capital budget. These were not part of the 2022/23 Provisional Capital Budget Volume (Report 65/22) but were added as part of the agreed budget motion.

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total £000
Themed Playpark - Brechin - Initial Funding Provision				100	100
Themed Playpark - Forfar - Initial Funding Provision				100	100
New Feature Playpark - Letham	50				50
	50	0	0	200	250

- 7.2 These projects were omitted in error when the 2021/2026 Financial Capital Budget Volume was approved by this Committee in August 2022 and having now identified that omission the Committee's agreement to the correction of that error is sought. The only project in the current financial year will not incur any expenditure this year and all 3 projects along with all other existing capital projects will, as normal, be subject to review as part of the 2023/24 budget setting process.

## 8. CAPITAL PROJECTS MONITORING GROUP

- 8.1 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.
- 8.2 The third meeting of the CPMG took place on 24 November 2022, where expenditure to 31 October 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.

## 9. FINANCIAL IMPLICATIONS

- 9.1 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.

## 10. EQUALITY IMPACT ASSESSMENT

- 10.1 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