

AGENDA ITEM NO 5

REPORT NO 13/23

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 7 FEBRUARY 2023

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 December 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 a revision of the 2022/23 budget for the Arbroath Places for Everyone project (Project 59 in Appendix 1) from the original budget of £5,343,000 (gross) to a revised budget of £150,000. This change to the budget is necessary to correct an unrealistic estimate included in the Final Capital Budget Volume approved by the Committee in August 2022. This proposed revision has been reflected in Appendix 1.
- c. approves a revision of the 2022/23 budget for the Angus Schools for the Future project (Project 90 in Appendix 1) from the original budget of £1,700,000 (gross) to a revised budget of £nil. This change to the budget is necessary to correct an unrealistic estimate included in the Final Capital Budget Volume approved by the Committee in August 2022. This proposed revision has been reflected in 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 December 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 Dec. 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	119	20.2	580	10
– Planning & Sustainable Growth *	99	0	0.0	99	0
Infrastructure & Environment:					
– Assets	2,107	1,215	57.7	1,760	347
– Environmental Services	4,635	1,518	32.8	3,954	681
– Roads & Transportation	14,139	6,152	43.5	11,809	2,330
Education & Lifelong Learning	3,614	2,312	64.0	3,717	(103)
Information Technology	885	334	37.7	701	184
Angus Health & Social Care Partnership	1,009	64	6.3	634	375
ANGUSalve	1,490	697	46.8	915	575
Tay Cities Deal	1,078	236	21.9	278	800
Net Total	29,646	12,647	42.7	24,447	5,199

Table 2 – NET Capital Expenditure (7 columns, 13 rows)

Programme	Net Budget £000	Actual To 31 Dec. 2022 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
Finance	0	0	0.0	0	0
Vibrant Communities & Sustainable Growth:					
– Economic Development	590	119	20.2	580	10
– Planning & Sustainable Growth*	0	0	0.0	0	0
Infrastructure & Environment:					
– Assets	1,481	1,332	89.9	1,034	447
– Environmental Services	4,428	1,295	29.2	3,250	1,178
– Roads & Transportation	12,075	6,341	52.5	10,814	1,261
Education & Lifelong Learning	2,908	2,028	69.7	2,785	123

Information Technology	885	334	37.7	701	184
Angus Health & Social Care Partnership	1,009	64	6.3	212	797
ANGUSalive	150	38	25.3	75	75
Tay Cities Deal	(148)	236	(159.5)	(123)	(25)
Net Total	23,378	11,787	50.4	19,328	4,050

*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).

- 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 nine months (75 per cent) of the financial year gone the actual spend levels presented in Tables 1 and 2 are low, at 42.7 per cent on a gross basis and 50.4 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 £19.328 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>Revised Monitoring Budget £000</i>	Latest Projection £000	Variance £000
Projected net expenditure	23,378	19,328	4,050
Borrowing	8,239	4,189	4,050
General capital grant (balance)	11,160	11,160	-
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	23,378	19,328	4,050

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 – Assets**

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
19	Provision for Angus Agile/Estates Review – Locality hubs (phase 2)	298	Agile furniture requirements are being reviewed and IT are also reviewing equipment requirements. The spend is now anticipated in 23/24. There have been delays in the process of confirming and fulfilling equipment requirements.
	Other Minor Variances	49	
	Gross Under / (Over)spend	347	

Table 5 – Infrastructure & Environment – Environmental Services

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
29	Waste Vehicle Replacement Programme 2022/23	466	Spend slipped due to delivery timescales from suppliers
40	Upgrade & Extension to Welfare Facility, Forfar Waste Depot	243	Slipped to 23/24 due to lack of resources/focus on other priorities.
43	Brechin Cemetery Culvert	(150)	New project due to drain collapse. Fully funded from Revenue
45	Nature Fund 22/23	(150)	Projects identified per report 385/22. Fully funded by general capital grant.
	Other Minor Variances	272	
	Gross Under / (Over)spend	681	

Table 6 – Infrastructure & Environment – Roads & Transportation

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
46	Cycling, Walking & Safer Routes – Various Projects	362	Several schemes onsite and under construction but won't now be completed for financial year end
52	Arbroath (Brothock Water) Flood Protection Scheme	(347)	Based on current spend profile. The overspend will be accommodated within the overall 5 year capital plan resource for this project.
53	Coastal Protection/ River Flood Alleviation	243	Significant flooding events, a hard winter and ongoing staff absences have impacted the programming and planned spend of this budget.
60	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.
61	Pavement Parking Assessment and Implementation	272	Review complete for Angus. Awaiting finalisation of associated regulations before installation of signs/lines.

64	Roads Infrastructure Capital Maintenance	1,138	£0.392m - monies provisionally earmarked for flooding alleviation works on route of A92 – deferred until 23/24, £0.746m – a hard winter and on-going staff absences have impacted the programming and planned spend of this budget.
	Other Minor Variances	206	
	Gross Under / (Over)spend	2,330	

Table 7 – Education & Lifelong Learning

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
	Other Minor Variances	(123)	
	Gross Under / (Over)spend	(123)	

Table 8 – Information Technology

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
101	DSE IT provision work from home	160	Ongoing project to provide suitable equipment to enable staff to work from home. This will continue into FY 23/24.
	Other Minor Variances	24	
	Gross Under / (Over)spend	184	

Table 9 – AHSCP

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
108	Provision for Gables Replacement	375	This project is under review and no spend is now anticipated in 2023/23. Proposals are being consulted on which may result in the project not going ahead in originally planned way.
	Gross Under / (Over)spend	375	

Table 10 Angus Alive

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
113	Leisure / Cultural Equipment Replacement Programme	490	contractor costs and lead times on equipment are delaying the spend on Carnoustie Sports Centre, Forfar Community Campus & Saltire Sports Centre into 2023/24.
	Other Minor Variances	85	
	Gross Under / (Over)spend	575	

Table 11– Tay Cities Deal

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
117	Angus Rural Mobility Hub	500	Outline Business Case to be reviewed by Government, therefore Final Business Case unlikely to be

			approved in the required time. Spend deferred to 23/24.
118	Zero four, Montrose	300	Working with Scotland 5G to obtain a better contract specification and with Montrose businesses to assess all needs. Tender will be issued after meeting in February. Spend deferred to 23/24.
	Gross Under / (Over)spend	800	

6. HOUSING CAPITAL MONITORING

- 6.1 Table 12 below sets out for information purposes, a summary of the position on the Housing Revenue Account (HRA) capital monitoring as at 31 December 2022.

Table 12 – Housing Capital Programme

Expenditure / Funding Source	Monitoring Budget £000	Latest Projection £000	Variance £000
Projected net expenditure	12,703	12,273	430
Borrowing (including Survive & Thrive)	5,091	4,661	430
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	12,273	430

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 fourth meeting of the CPMG took place on 2 February 2023, where expenditure to 31 December 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