

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 2 MAY 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 28 February 2023 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 28 February 2023 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 28 Feb. 2023 £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	146	24.7	564	26
– Planning & Sustainable Growth *	99	2	2.0	83	16
Infrastructure & Environment:					
– Assets	2,107	1,423	67.5	1,736	371
– Environmental Services	4,635	2,306	49.8	3,099	1,536
– Roads & Transportation	14,139	8,765	62.0	12,132	2,007
Education & Lifelong Learning	3,614	2,745	76.0	3,877	(263)
Information Technology	885	579	65.4	638	247
Angus Health & Social Care Partnership	1,009	180	17.8	346	663
ANGUSalive	1,490	720	48.3	763	727
Tay Cities Deal	1,078	237	22.0	278	800
Net Total	29,646	17,103	57.7	23,516	6,130

Table 2 – NET Capital Expenditure

Programme	Net Budget £000	Actual To 28 Feb. 2023 £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	146	24.7	564	26
– Planning & Sustainable Growth*	0	0	0.0	0	0
Infrastructure & Environment:					
– Assets	1,481	1,675	113.1	1,483	(2)
– Environmental Services	4,428	1,811	40.9	2,290	2,138
– Roads & Transportation	12,075	8,691	72.0	10,907	1,168
Education & Lifelong Learning	2,908	2,271	78.1	2,917	(9)
Information Technology	885	579	65.4	613	272
Angus Health & Social Care Partnership	1,009	180	17.8	(47)	1,056
ANGUSalive	150	36	24.0	75	75
Tay Cities Deal	(148)	237	-160.1	177	(325)
Net Total	23,378	15,626	66.8	18,979	4,399

*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 eleven months (91.67 per cent) of the financial year gone the actual spend levels presented in Tables 1 and 2 are low, at 57.7 per cent on a gross basis and 66.8 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 71.7per cent (net).
- 4.5 The projected net expenditure of £18.979 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	18,979	4,399
Borrowing	8,239	3,840	4,399
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	18,979	4,399

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)	327	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	44	
	Gross Under / (Over)spend	371	

Table 5 – Infrastructure & Environment – Environmental Services

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
28	Waste Vehicle Replacement Programme 2021/22	132	Spend slipped due to delivery timescales from suppliers
29	Waste Vehicle Replacement Programme 2022/23	759	Spend slipped due to delivery timescales from suppliers
31	General Vehicle Replacement Programme 2022/23	158	Spend slipped due to delivery timescales
40	Transfer Area Restenneth	128	Delayed until certainty over which system will be implemented for kerbside collections.
41	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	(130)	New project due to drain collapse. Fully funded from Revenue
45	Nature Fund 22/23	(118)	Projects identified per report 385/22. Fully funded by general capital grant.
	Other Minor Variances	364	
	Gross Under / (Over)spend	1,536	

Table 6 – Infrastructure & Environment – Roads & Transportation

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
46	Cycling, Walking & Safer Routes – Various Projects	217	Several schemes onsite and under construction but won't now be completed for financial year end
49	Road Structures Repairs / Strengthening	205	Significant flooding events, a hard winter and ongoing staff absences have impacted the programming and planned spend of this budget
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.
60	Montrose Coast Protection – Preliminary Works	546	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	1,079	£0.392m - monies provisionally earmarked for flooding alleviation works on route of A92 – deferred until 23/24, £0.687m – a hard winter and on-going staff absences have impacted the programming and planned spend of this budget.
	Other Minor Variances	35	
	Gross Under/(Over)spend	2,007	

Table 7 – Education & Lifelong Learning

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
	Other Minor Variances	(263)	Fully funded by early years revenue grant or additional capital grant in respect of free school meals expansion.
	Gross Under / (Over)spend	(263)	

Table 8 – Information Technology

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
103	Corporate Infrastructure Renewal including backup & SAN Migration	143	Project slightly behind schedule. Work to be continued and completed early in FY 23/24.
107	DSE IT provision work from home	157	Ongoing project to provide suitable equipment to enable staff to work from home. Resourcing issues which have recently been resolved. This will continue into FY 23/24.
	Other Minor Variances	(53)	
	Gross Under / (Over)spend	247	

Table 9 – AHSCP

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
112	Provision for Gables Replacement	375	Following consultation this project has been cancelled.
113	Analogue to Digital Community Alarm	238	Slippage due to difficulties in procuring equipment, however this has been resolved and now progressing.
	Other Minor Variances	50	
	Gross Under / (Over)spend	663	

Table 10 Angus Alive

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
117	Leisure / Cultural Equipment Replacement Programme	630	Increased 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	97	
	Gross Under / (Over)spend	727	

Table 11– Tay Cities Deal

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
121	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.

122	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 which was last reported to the Special Communities Committee of 21 February 2023 (report 38/23 refers).

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 fifth meeting of the CPMG took place on 15 March 2023, where expenditure to 31 January 2023, 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 as considered appropriate.

9. EQUALITY IMPACT ASSESSMENT

- 9.1 An Equality Impact assessment is not required.

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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