

### 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	0.319	<ul style="list-style-type: none"> <li>Montrose South Regeneration Programme (£0.295m) - the outturn was dependent on receiving the Judge's decision in the Lands Tribunal hearing, however this was not forthcoming prior to the year end.</li> </ul>
Infrastructure & Environment	4.013	<ul style="list-style-type: none"> <li>Waste Vehicle Replacement Programme 21/22 &amp; 22/23 (£1.089m) - on-going delays with manufacturers supplying vehicles.</li> <li>General Vehicle Replacement Programme 21/22 &amp; 22/23 (£0.320m) - on-going delays with manufacturers supplying vehicles.</li> <li>Upgrade &amp; Extension to Welfare Facility at Forfar Waste Depot (£0.231m) – lack of staff resource and the focus of available resource to other priorities.</li> <li>Montrose Coast Protection – Preliminary Works (£0.400m) - the only spend incurred this year was in respect of consultancy fees relating to the restatement of dunes.</li> <li>Roads Infrastructure Capital Maintenance (£0.996m) - significant flooding events, a hard winter and on-going staff absences impacted the programmed spend.</li> </ul>
Education & Lifelong Learning	0.411	<ul style="list-style-type: none"> <li>Replacement of Monifieth High School (£0.272m) - delayed receipt of project valuations.</li> </ul>
Digital Enablement & Information Technology	0.242	<ul style="list-style-type: none"> <li>DSE IT Provision Work from Home (£0.133m) - delay in confirmation of staff workstyles and IT equipment requirements for home working. This is an on-going project and will continue in the next financial year.</li> </ul>
Angus Health & Social Care partnership	1.173	<ul style="list-style-type: none"> <li>Provision for Gables Replacement (£0.375m) - following consultation this project was cancelled.</li> <li>Analogue to Digital Community Alarm (£0.631m) - due to difficulties of procuring equipment (£0.172m) and a contribution from AHSCP to cover costs to date (£0.459m).</li> </ul>
ANGUSalve	0.114	<ul style="list-style-type: none"> <li>Transformation Project – Library/Facilities Investment (Angus Wide (£0.114m)) - longer delays to design work on Arbroath library and Monifieth hub than originally anticipated.</li> </ul>
Tay Cities Deal	(0.026)	<ul style="list-style-type: none"> <li>No significant variances</li> </ul>
<b>General Fund Underspend</b>	<b>6.246</b>	

### Commentary against Last Projected Outturn

The most recent projected outturn for 2022/23 based on February 2023 ledgers showed an anticipated underspend for General Fund services of £4.399 million (Report 114/23 refers). The actual underspend of £6.246 million at the year end is an increase in the underspend of £1.847 million from the previously reported position.

The more significant movements which have arisen when comparing actual net expenditure to the outturns noted in Report 114/23 include:

<i>Department / Service</i>	<i>Movement in Outturn £ million</i>	<i>Commentary</i>
Vibrant Communities & Sustainable Growth	0.293 (increase in underspend)	The February outturn reflected the possibility that the Judge's decision on the Lands Tribunal Case, in respect of the Montrose South Regeneration project, would be received prior to 31 March and payments to claimants would be due. This turned out not to be the case.
Infrastructure & Environment	0.709 (increase in underspend)	This is mainly due to lower than estimated spend on a number of projects within Roads and Transportation. The most significant movement being £0.309m on Roads Infrastructure Capital Maintenance.
Education & Lifelong Learning	0.420 (increase in underspend)	The main reason for the increased underspend was that in February the Replacement of Monifieth High School project was forecasting a small overspend on the £1.900m budget. However no further costs were incurred in March 2023 and the underspend on the project at the year-end was £0.272m.

### **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	1.716	The programming of new-build projects has been impacted by inflation across the construction industry. This has also been impacted by the knock-on effects of the recent rent freeze and has led to a decision to defer a number of Angus Council's new-build programmes in 2022/23.
Shared Equity	0.008	No major variances
Conversion	0.326	Projects were delayed due to factors including resource issues, both internally and in the construction industry generally. This resulted in a lack of tender responses and inflated tender prices which did not represent good value for the Housing Revenue Account. While projects narrowly missed achieving significant spend in 2022/23, three projects are currently on site and rephased into 2023/24. The budget will be realigned accordingly.

Aids & Adaptations	(0.731)	An increased level of OT referrals and the impact of a new willing and competent contractor has led to this process efficiently managing to deliver 2 adapted bathroom installs per week to help meet our tenant's needs. This figure includes addressing a backlog due to Covid19 and issues with the previous contractor. Rises in material costs have compounded overall cost increases along with aligning specification with that of the general bathroom replacement contract.
Improvements	0.440	There have been some issues with the allocated projects, for example on the Footpaths works, where the underspend was due to contractor resource issues and commitments on winter maintenance and other projects.
Energy Savings/Towards Zero Carbon	0.975	Although the figures denote an underspend, the core Energy Efficiency Standards for Social Housing (ESSH) contract has continued to consistently achieve a monthly spend of upwards of £0.300 million and is continuing to deliver key fabric improvements for our homes which help mitigate against energy price rises.
Sheltered Housing	(0.351)	These works are centred upon improving the quality of our Sheltered Housing. They include upgrades to Warden Call, Door Access & Fire Alarms. There were initial delays due to complexities of the systems, however this programme has progressed better than anticipated and, as it is linked to statutory requirements including installation of LD2 compliant alarms, the picture is a positive one despite the overspend.
Internal Upgrades	0.738	The programme of Bathroom Replacements was impacted by the legacy of poor performance by the previous contractor which led to termination of that contract. Subsequent adjudication proceedings caused further delay. The residual bathrooms are currently out to tender with work expected to start in Aug/Sep2023 which will continue for 24 months.
Miscellaneous/Balances on completed Projects	0.006	No major variances
Housing Capital Underspend	3.127	

#### Commentary against Last Projected Outturn

The most recent projected outturn for 2022/23 based on December 2022 ledgers showed an anticipated underspend on a net basis for Housing Revenue Account capital of £0.430 million (report 38/23 refers). The actual underspend of £3.127 million at the year-end shows an increase in the underspend of £2.697 million from the previously reported position.

The more significant movements which have arisen when comparing actual net expenditure to the outturns noted in report 38/23 include:

Capital Programme	Movement in Outturn £ million	Commentary
New Build	0.238 (decrease in underspend)	Opportunities arose to support the provision of affordable housing through open market acquisitions.
Conversion	0.293 (increase in underspend)	Projects were further delayed due to factors including resource issues, both internally and in the construction industry generally. Three projects were rephased into 2023/24 and are currently on site. The budget will be rephased accordingly.
Improvements	0.440 (increase in underspend)	There have been some issues with the allocated projects, for example the resurfacing of footpaths where the underspend was due to contractor resource issues and priority commitments on winter maintenance.  There will be a review of this area of the budget to ensure that the budget allocation is matched to the actual project load available.
Energy Savings/ Towards Zero Carbon	1.969 (increase in underspend)	Although a higher acceleration of expenditure was achieved on the EESSH contract, it was lower than previously anticipated. This contract is also susceptible to adverse conditions and progress is consequently slower in winter months. This slow-down was exacerbated by a relocation of the site establishment to focus works in another area of Angus.  Part of the 2022/23 'Angus Wide Decarbonisation' project was also delayed and is now deferred into 2023/24.
Sheltered Housing	0.271 (increase in overspend)	As noted above, this programme has progressed better than anticipated and, as it is linked to statutory requirements including installation of the LD2 compliant alarms, the picture is a positive one despite the overspend.
Internal Upgrades	0.597 (increase in underspend)	This reflects the continuation of the delay to the bathroom replacement contract as outlined above. The contract is currently out to tender and due to be underway from August/September 2023 for 24 months.