

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 5 DECEMBER 2023

CAPITAL MONITORING – GENERAL FUND CAPITAL PROGRAMME – 2023/24

REPORT BY THE DIRECTOR OF FINANCE

ABSTRACT

This report appraises members of the capital expenditure incurred for the period from 1 April 2023 to 31 October 2023 and measures projected capital expenditure for the year against budgeted provision.

1. RECOMMENDATION

It is recommended that the Committee:

- (i) 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);
- (ii) approves a revision of the 2023/24 budget for the Arbroath Places for Everyone project (Project 65 in Appendix 1) from the original budget for 2023/24 of £7,881,000 (gross) to a revised budget of £2,174,000 (gross). This change to the project phasing reflects a revised spend profile from the contractor following approval for the project to go ahead at the Special Council meeting of 19 October 2023. This proposed revision has been reflected in Appendix 1; and
- (iii) approves the allocation of £20,000 from the capital contingency budget to allow urgent works to be undertaken at the Orchardbank Industrial Estate, Forfar as described in Section 8.

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 226/23 approved the 2023/24 Final Capital Budget Volume, detailing the updated 2022/2027 Capital Plan which includes the capital monitoring budget for 2023/24. The 2023/24 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 2023/24 as at 31 October 2023 on a gross and net (after the deduction of funding contributions) basis respectively. Appendix 1 gives further detail in respect of the 2023/24 position of all capital projects. It may be noted that a line for ANGUSalive has been included in both tables as projects relating to buildings and other physical assets occupied / used by ANGUSalive 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 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	934	36	3.9	921	13
– Planning & Sustainable Growth	456	0	0.0	456	0
Infrastructure & Environment:					
– Assets	1,299	501	38.6	1,151	148
– Environmental Services	4,355	2,137	49.1	3,872	483
– Roads & Transportation	12,457	5,157	41.4	12,984	(527)
Education & Lifelong Learning	13,772	5,487	39.8	13,751	21
Information Technology	973	439	45.1	973	0
Angus Health & Social Care Partnership	361	319	88.4	411	(50)
ANGUSalive	2,121	585	27.6	2,024	97
Tay Cities Deal	1,000	73	7.3	1,013	(13)
Net Total	37,728	14,734	39.1	37,556	172

Table 2 – NET Capital Expenditure

Programme	Net Budget £000	Actual To 31 October 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	369	36	9.8	356	13
– Planning & Sustainable Growth	0	0	0.0	0	0
Infrastructure & Environment:					
– Assets	1,079	501	46.4	909	170
– Environmental Services	4,138	2,021	48.8	3,572	566
– Roads & Transportation	7,330	5,081	69.3	7,857	(527)
Education & Lifelong Learning	12,834	5,405	42.1	12,282	552
Information Technology	973	439	45.1	973	0
Angus Health & Social Care Partnership	100	319	319.0	100	0
ANGUSalive	218	0	0	118	100
Tay Cities Deal	(175)	73	(41.7)	(175)	0
Net Total	26,866	13,875	51.6	25,992	874

- 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 39.1 per cent on a gross basis and 51.6 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 2024 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 2022/23 actual spend outturn was 74.7 per cent (gross) and 73.3 per cent (net).
- 4.5 The projected net expenditure of £25.992 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 (5 columns, 5 rows)

Expenditure / Funding Source	<i>Monitoring Budget</i> £000	Latest Projection £000	Variance £000
Projected net expenditure	26,866	25,992	874
Borrowing	16,087	15,213	874
General capital grant (balance)	9,929	9,929	-
CFCR (Balance of Special Repayments)	600	600	-
Corporate capital receipts from sale of assets	250	250	-
Total funding	26,866	25,992	874

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.

Storm Babet Implications

- 5.3 At the time of preparing the capital budget monitoring projections set out in this report officers are continuing to assess the cost implications arising from Storm Babet and these potential cost implications and how they might be funded are therefore not reflected in this report but will be reported to members separately in a report to Council in December 2023.

5.4 **Table 4 – Infrastructure & Environment - Assets**

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
16	Renewable & Low Carbon Technologies – Carnoustie High School Instal PV Array	130	The project has been cancelled due to issues with the roof.
	Other Minor Variances	18	
	Gross Under / (Over)spend	148	

Table 5 – Infrastructure & Environment – Environmental Services

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
38	Transfer Area Restenneth	128	Facility is being constructed in tandem with and to accommodate the roll out of revised recycling service. Build slipped to 24/25
39	Upgrade & Extension to Welfare Facility Forfar Waste depot	226	The project cost is substantially over budget and the design is being reviewed to find cost savings. Project slipped to 24/25.
	Other Minor Variances	129	
	Gross Under / (Over)spend	483	

Table 6 – Infrastructure & Environment – Roads & Transportation

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
49	Carriageway/Footway Reconstruction/Supplementary Core Capital Maintenance	(309)	tba
57	Arbroath (Brothock Water) Flood Prevention scheme	(142)	tba
	Other Minor Variances	(76)	
	Gross Under / (Over)spend	(527)	

Table 7 – Angus Alive

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
107	Transformation Project – Library/Facilities Investment (Angus wide)	100	No spend in 23/24. Report to P&R committee in December to propose a new project.
	Other Minor Variances	(3)	
	Gross Under / (Over)spend	97	

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 21 November 2023 (report 317/23 refers).

Table 8 – Housing Capital Programme

Expenditure / Funding Source	<i>Monitoring Budget</i> £000	Latest Projection £000	Variance £000
Projected net expenditure *	11,663	11,355	308
Borrowing (including Survive & Thrive)	6,119	5,811	308
Capital receipts	234	234	-
Capital Funded from Current Revenue	4,284	4,284	-
Affordable Housing Reserve *	226	226	-
Transfer from Earmarked Reserves	800	800	-
Total funding	11,663	11,355	308

*Note the change in presentation from previously reported – Developers' contributions of £0.274m have been re-allocated from the Affordable Housing Reserve and allocated directly to Affordable Housing – Glenview project.

7. CAPITAL PROJECTS MONITORING GROUP

- 7.1 The first Capital Projects Monitoring Group (CPMG) meeting of the 2023/24 financial year took place on 10 August 2023, when the Group considered and made recommendations regarding the updated 2022/2027 Capital Plan and proposed 2023/24 capital monitoring budget.
- 7.2 The third meeting of the CPMG took place on 23 November 2023, where expenditure to 31 October 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 URGENT WORKS – ORCHARDBANK INDUSTRIAL ESTATE, FORFAR

- 8.1 Officers have identified a need for urgent repair works to a large section of road in Sylvie Way, Forfar which, as part of the Orchardbank Industrial Estate and yet to be adopted, is the joint responsibility of the Council's economic development service and our development partner Muir Group. Members are asked to approve funding of £20,000 from the Council's capital contingency to enable these works to be undertaken as soon as possible. The works will bring that section of road to an adoptable standard. An equivalent sum of funding (£20,000) will be provided by Muir Group as their share of the costs.

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 as this is a noting report and does not have any impact on individuals.

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.

AUTHOR: Darren OShea, Team Leader (Finance)
EMAIL: FINANCE@angus.gov.uk

List of Appendices: Appendix 1 – Capital Monitoring Statement