

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 30 APRIL 2024

CAPITAL MONITORING – GENERAL FUND CAPITAL PROGRAMME – 2023/24

REPORT BY IAN LORIMER, DIRECTOR OF FINANCE

1. ABSTRACT

This report apprises members of the capital expenditure incurred for the period from 1 April 2023 to 29 February 2024 and measures projected capital expenditure for the year against budgeted provision.

2. ALIGNMENT TO THE COUNCIL PLAN AND COUNCIL POLICIES

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. RECOMMENDATION

- 3.1 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).

4. BACKGROUND

- 4.1 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.
- 4.2 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.
- 4.3 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.

5. CURRENT POSITION

- 5.1 Tables 1 and 2 below summarise the current position on the overall general fund capital programme for 2023/24 as at 29 February 2024 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 29 Feb. 2024 £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*	798	166	20.8	391	543
– Planning & Sustainable Growth	456	0	0	144	312
Infrastructure & Environment:					
– Assets	1,299	776	59.7	921	378
– Environmental Services	4,355	2,926	67.2	3,717	638
– Roads & Transportation **	12,457	7,911	63.5	12,510	(53)
Education & Lifelong Learning	13,772	11,780	85.5	13,496	276
Digital Enablement & Information Technology	973	793	81.5	807	166
Angus Health & Social Care Partnership	361	289	80.1	306	55
ANGUSalive*	739	633	85.7	640	99
Tay Cities Deal	1,000	244	24.4	244	756
Net Total	36,210	25,518	70.5	33,040	3,170

* Note The gross monitoring budget has reduced by £1,518k from £37,728k to £36,210k. The £1,518k budget movement relates to the Monifieth Community Hub & Library project which has been re-designated as non-enhancing expenditure and will be transferred back to revenue at the year end.

Table 2 – NET Capital Expenditure

Programme	Net Budget £000	Actual To 29 Feb. 2024 £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	369	166	45.0	205	164
– Planning & Sustainable Growth	0	0	0	0	0
Infrastructure & Environment:					
– Assets	1,079	776	71.9	899	180
– Environmental Services	4,138	2,711	65.5	3,378	760
– Roads & Transportation **	7,330	7,612	103.8	6,888	442
Education & Lifelong Learning	12,834	11,663	90.9	12,522	312
Digital Enablement & Information Technology	973	793	81.5	807	166
Angus Health & Social Care Partnership	100	289	289.0	26	74
ANGUSalive	218	1,029	290.4	119	99
Tay Cities Deal	(175)	244	-139.4	(175)	0
Net Total	26,866	25,283	94.1	24,669	2,197

** Includes revised budget for Arbroath Places for Everyone project as approved in report 336/23.

- 5.2 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.
- 5.3 With eleven months (91.67 per cent) of the financial year gone the actual spend levels presented in Tables 1 and 2 are 70.5 per cent on a gross basis and 94.1 per cent on a net basis respectively.
- 5.4 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).
- 5.5 The projected net expenditure of £24.669 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	24,669	2,197
Borrowing	16,087	12,189	3,898
General capital grant (balance) *	9,929	11,630	(1,701)
CFCR (Balance of Special Repayments)	600	600	-
Corporate capital receipts from sale of assets	250	250	-
Total funding	26,866	24,669	2,197

* Additional funding allocated for Community Bus Fund (£110,000), Flooding (£119,000) and Free School Meals expansion (£1,460,000 + further £12,000).

6. COMMENTARY ON SIGNIFICANT MONITORING ISSUES

- 6.1 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.
- 6.2 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 service director.
- 6.3 **Storm Babet Implications**

The financial issues and implications resulting from Storm Babet were reported to council on 14 December (Report 354/23 refers). The Council's interim claim under the Bellwin Scheme has now been paid. Work to make the final Bellwin Scheme claim is ongoing.

6.4 **Monifieth Learning Centre project**

The Monifieth Board on 14 March 2024 noted and agreed an updated developers' contribution figure for the project of £4.8m compared with the £2.7m currently in the Capital Plan. This will result in a compensating £2.1m reduction in the contribution required from General Fund Reserves originally proposed as part of the funding package. The updated funding arrangements for the project will be reflected in the Final Capital Budget Volume presented to the committee in August 2024. Consideration of the use of the Reserves no longer required will be the subject of a separate report as the Council's strategy for the 2025/26 budget is developed.

6.5 **Table 4 – Vibrant Communities & Sustainable Growth – Economic Development**

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
2	Montrose South Regeneration Programme	150	Land compensation now agreed, Awaiting details of expenses, however anticipate will be a saving compared to budget
6	UK Shared Prosperity Fund	399	Late confirmation and payment of years 1 and 2 funding allocations caused delays in committing funds to projects. Projects identified are at various stages of progress. The UK government has confirmed that these unspent monies can be carried forward into 2024/25
	Other Minor Variances	6	
	Gross Under / (Over)spend	543	

Table 5 – Vibrant Communities & Sustainable Growth – Planning & Sustainable Growth

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
8	Climate Change Biodiversity	150	In light of Storm Babet, the proposed project list was reviewed in advance of reporting to February Communities Committee but due to timescales the 23/24 allocation is unlikely to be spent and will be carried forward to 2024/25
9	Nature Restoration Fund	162	The Nature Restoration Fund is part of annual ring-fenced grant award to local authorities. Funding letter was not received until June 2023 constraining time to develop projects. Sub group sign off on projects achieved in December 2023 so whilst agreement on commitment of funds, some spend will fall into next year due to delivery timeframe.
	Gross Under / (Over)spend	312	

Table 6 – Infrastructure & Environment – Environmental Services

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
34&35	General Vehicle Replacement Programme	183	Slippage due to delivery timescales and some underspend will be utilised in 24/25.
39	Transfer Area Restenneth	128	Project no longer going ahead due to new collection service.
40	Upgrade & Extension to Welfare Facility Forfar Waste depot	225	Pricing for the project came in substantially over budget. Property Assets team reviewing the design to find cost savings. Project slipped to 24/25.
	Other Minor Variances	102	
	Gross Under / (Over)spend	638	

Table 7 – Infrastructure & Environment – Roads & Transportation

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
51	Carriageway/Footway Reconstruction/Supplementary Core Capital Maintenance	(579)	Based on current cost estimates, increased due to inflationary pressures.
52	Traffic Calming / Road Safety including Core Capital Maintenance	158	Underspend due to Contractor being unable to complete several projects.
54	Road Structure Repairs / Strengthening	158	Underspend due to reallocation of resources to address Storm Babet recovery which has led to reprogramming of significant project spend into early 2024/25.
56	Coastal Protection / River Flood Alleviation	(167)	Significant damage incurred to Coastal Protection in Q4 at Carnoustie and Montrose not associated with any named storms.
68	Montrose Coast Protection - Preliminary Works	178	Environmental options still being considered, spend slipped to 2024/25.
	Other Minor Variances	199	
	Gross Under / (Over)spend	(53)	

Table 8 – Education & Lifelong Learning

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
	Replacement of Monifieth High School	230	Projection per latest cashflow update following meeting with contractor.
	Other Minor Variances	46	
	Gross Under / (Over)spend	276	

Table 9 – Digital Enablement and Information Technology

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
102	Migration of Core Systems to Cloud Based Applications	118	Applications to be migrated in 2024/25
	Other Minor Variances	48	
	Gross Under / (Over)spend	166	

Table 10 – Tay Cities Deal

Project Nos.	Project	Gross Under/ (Over)spend £000	Commentary
111	Angus Fund – Mercury Drone Project	198	Difficulty procuring commercial services. Carry forward to 2024/25
112	Angus Rural Mobility Hub	583	Awaiting approval of revised final business case.
	Other Minor Variances	(25)	
	Gross Under / (Over)spend	756	

7. HOUSING CAPITAL MONITORING

- 7.1 Table 5 below sets out for information purposes, a summary of the position on the Housing Revenue Account (HRA) capital monitoring at 31 January 2024.

Table 11 – Housing Capital Programme

Expenditure / Funding Source	Monitoring Budget £000	Latest Projection £000	Variance £000
Projected net expenditure *	11,663	10,557	1,106
Borrowing (including Survive & Thrive)	6,119	5,013	1,106
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	10,557	1,106

*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.

8. CAPITAL PROJECTS MONITORING GROUP

- 8.1 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.
- 8.2 The fifth meeting of the CPMG took place on 20 March 2024, where expenditure to 31 January 2024, 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.

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. ENVIRONMENTAL IMPLICATIONS

- 10.1 There are no direct environmental implications arising from the recommendations of this report.

11. EQUALITY IMPACT ASSESSMENT, HUMAN RIGHTS AND FAIRER SCOTLAND DUTY

- 11.1 A screening assessment has been undertaken and a full Equality Impact Assessment is not required for the following reason:-

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

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