

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 26 APRIL 2016

CAPITAL MONITORING – GENERAL FUND CAPITAL PROGRAMME – 2015/16

REPORT BY THE HEAD OF CORPORATE IMPROVEMENT & FINANCE

ABSTRACT

This report appraises members of the capital expenditure incurred for the period from 1 April 2015 to 29 February 2016 and measures projected capital expenditure for the year against budgeted provision for the year.

1 RECOMMENDATION

- 1.1 It is recommended that the Committee reviews and scrutinises the expenditure position on the General Fund Capital Programme as at 29 February 2016 as per Tables 1 and 2 below and the accompanying Capital Monitoring Statement (**Appendix 1**).

2 ALIGNMENT TO ANGUS COMMUNITY PLAN / SINGLE OUTCOME AGREEMENT

- 2.1 The projects undertaken through the Council's capital programme (as reflected in **Appendix 1** to this report) contribute as a whole to the local outcomes contained with the Angus Community Plan and Single Outcome Agreement 2013-2016.

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 Head of Corporate Improvement & 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 Strategic Directors and Heads of Service identify and notify significant potential under and over spends to the Head of Corporate Improvement & Finance at the earliest opportunity.
- 3.3 Report 335/15 approved the 2015/16 Final Capital Budget Volume, detailing the 2014/2019 Financial Plan which includes the capital monitoring budget for 2015/16. The 2015/16 gross and net budgets detailed in Tables 1 and 2 below, and **Appendix 1** are the budgets against which directorates must monitor their spend for the remainder of the financial year.

4 CURRENT POSITION

- 4.1 Tables 1 and 2 below set out the current position on the overall General Fund capital programme for 2015/16 as at 29 February 2016 on a gross and net (after the deduction of funding contributions) basis respectively. **Appendix 1** gives further detail in respect of the 2015/16 position of all capital projects.

Table 1 – GROSS Capital Expenditure

Programme	Gross Budget £000	Actual to 29 Feb 2016 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
Chief Executive's Economic Development	773	268	34.7	520	253
Communities					
Planning & Place	423	146	34.5	445	(22)
Regulatory, Protective and Prevention Services	5,505	2,147	39.0	3,179	2,326
Services to Communities	841	611	72.7	666	175
Technical and Property Services	18,132	12,528	69.1	18,157	(25)
People					
Adult Services	87	58	66.7	89	(2)
Children & Young People's Services	501	395	78.8	501	0
Schools and Learning	24,932	23,679	95.0	25,466	(534)
Resources					
Organisational Change	825	357	43.3	488	337
Transforming Angus	400	145	36.3	177	223
Gross Totals	52,419	40,334	76.9	49,688	2,731

Table 2 – NET Capital Expenditure

Programme	Net Budget £000	Actual To 29 Feb 2016 £000	Actual Against Budget %	Latest Year End Estimate £000	Projected Under / (Over) Spend £000
Chief Executive's Economic Development	276	73	26.4	183	93
Communities					
Planning & Place	17	38	223.5	15	2
Regulatory, Protective and Prevention Services	4,991	1,929	38.6	2,838	2,153
Services to Communities	255	21	8.2	5	250
Technical and Property Services	17,057	11,895	69.7	17,012	45
People					
Adult Services	87	58	66.7	89	(2)
Children & Young People's Services	501	395	78.8	451	50
Schools and Learning	24,182	23,679	97.9	24,627	(445)
Resources					
Organisational Change	0	0	0.0	0	0
Transforming Angus	400	145	36.3	177	223
Net Totals	47,766	38,233	80.0	45,397	2,369

4.2 It should be noted that some 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 It may be noted from Tables 1 and 2 that actual spend as a percentage of budget is 76.9% on a gross basis and 80.0% on a net basis. This compares with the capital monitoring report detailing the position as at 28 February 2016 of 59.9% (gross) 62.1 % (net). For information purposes it is commented that the 2014/15 actual spend outturn (post audit adjustments) was 81.8% (gross) and 74.1% (net).
- 4.4 Members will note that with 11 months (91.6%) of the financial year gone the actual spend levels presented in Tables 1 and 2 could be considered to be broadly on track, given that historically around 10% of capital spend comes through as accruals at the year end. It should 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. Furthermore, the value of work completed up to 31 March 2016 will be assessed as part of the year end process and expenditure accrued accordingly, hence the reason why spend can increase significantly in the last month of the year.
- 4.5 The projected net expenditure of £45.397million (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>Monitoring Budget £000</i>	Latest Projection £000	Variance £000
Projected net expenditure	47,766	45,397	2,369
Borrowing	19,829	17,422	2,407
General capital grant (balance)	22,219	22,257	(38)
Corporate capital receipts	500	500	0
Corporate CFCR – revenue budget contribution	700	700	0
Corporate CFCR – balance of loan charges budget	3,068	3,068	0
Corporate Capital Fund contribution	1,450	1,450	0
Total funding	47,766	45,397	2,369

5 COMMENTARY ON SIGNIFICANT MONITORING ISSUES

- 5.1 The following tables 4 to 11 detail those departments / divisions which are currently anticipating significant under or overspend 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 'Miscellaneous' line (where applicable). Whilst these individual variances may actually total a significant level, particularly for the bigger capital programmes, no specific commentary has been provided. Reference should be made to **Appendix 1** for further detail on the lower value individual variances. If Members require specific detail on individual projects beyond the summary position presented in this report they should contact the relevant Head of Service.

5.3 Chief Executives

Table 4 – Economic Development

Project	Gross Under/ (Over)spend £000	Commentary
Provision of services to Orchardbank Forfar	8	Road adoption issues - spend anticipated 2016/17.
Tourism Projects	91	Revisited priorities to free funding for digitalisation of business units. Touch screen visitor units presently being trialled will not be rolled out until 2016/17.
Digitisation of Business Unit Sites Across Angus	142	Now part of a wider digital Council agenda resulting in expenditure slipping into 2016/17.
Montrose South Regeneration	12	Final costs in respect of the section 2 spine road coming in below original expectations.
Gross Under / (Overspend)	253	

5.4 Communities

Table 5 – Regulatory, Protective and Prevention Services

Project	Gross Under/ (Over)spend £000	Commentary
Monifieth Blue Seaway	40	No progress in 2015/16 due to staff shortages.
New Play Area in Monifieth	84	Following discussions with headteacher of Grange PS, proposal has now gone to a public consultation.
Vehicle Workshop and Associated Facilities	840	Start date delayed due to staff turnover issues in the design team, leading to a delay in issuing amended drawings to contractor.
Provision for Zero Waste Implementation	369	Spend will not be achieved this year as planning application just submitted and no land purchase has taken place.
Waste / General Vehicle Replacement Programmes	898	Programme slipped due to Tayside Contracts not procuring vehicles to agreed timescales.
Other minor variances	95	
Gross Under / (Over)spend	2,326	

Table 6 – Services to Communities

Project	Gross Under/ (Over)spend £000	Commentary
Replacement of Montrose Swimming Pool	50	Finalisation of final account slipped into 2016/17 as negotiations with contractor continue.
Carnoustie Pitches Development (Shanwell Road) – Phase 1	200	Awaiting outcome of sportscotland grant application before development can proceed.
Library / ACCESS Integration – Development Costs	(50)	Introduction of a new project to develop the Council priority of Library / ACCESS integration – these development costs are being fully met from revenue underspends carried forward into the Capital Fund specifically for this purpose.
Other Minor Variances	(25)	
Gross Under / (Over)spend	175	

Table 7 - Technical & Property Services

Project	Gross Under/ (Over)spend £000	Commentary
A92 Dundee to Arbroath Carriageway Works	59	Budget slipped to reflect consultation outcome with contractor on road flooding issues responsibilities
Coastal Protection & River Flooding Alleviation	60	Budget underspent in order to offset overspend on Edzell Flood Alleviation
Major Drainage Works	(267)	Resulting from December 2015 /January 2016 flooding issues
Arbroath Flood Strategy (Brothock Burn / Seawall Projects)	70	Slippage due to delays associated with external consultants
Edzell Flood Alleviation Measures	(50)	Overspend due to location of services at Dunlappie Road and difficulties encountered during construction works
Refurbishment Works at Bruce House, Arbroath (Ph4)	90	Cash flow adjusted due to staff resource issues.
Other Minor Variances	13	
Gross Under / (Over)spend	(25)	

5.5 People

Table 8 – Schools & Learning

Project	Gross Under/ (Over)spend £000	Commentary
Brechin High School Community Campus	(726)	Expenditure in 2015/16 ahead of cash flow estimates – advanced from 2016/17. The higher estimated overspend on a net basis is a result of the anticipated sportscotland grant being switched to Forfar Campus project (neutral impact for the Council).
Information & Communications Technology Equipment	180	Slippage mainly due to delays in rural school broadband programme.
Forfar Academy Community Campus	(159)	Expected gross overspend due to rephasing, however overall net underspend on project should be noted due to aforementioned switch of sportscotland grant.
Expansion of Pre School Provision	90	Mainly due to an injection of revenue funding from Children & Young People. The £275k revenue funding will be used to offset the overspend on the Borrowfield Primary School – Alteration/Demolition project and fund future expenditure on nappy changing facilities.
Provision for Free School Meals (P1-P3)	85	Slippage in implementation of project.
Other Minor Variances	(4)	
Gross Under / (Over)spend	(534)	

5.6 Resources

Table 9 – Organisational Change

Project	Gross Under/ (Over)spend £000	Commentary
Corporate Infrastructure Renewal	93	Expenditure rephased for spend in 16/17 to upgrade network links to accommodate new technologies being deployed in line with Transforming Angus Agile Programme.
Voice Over IP Telephony Provision	80	Expenditure rephased for spend in 16/17 to upgrade network links to accommodate new technologies being deployed in line with Transforming Angus Agile Programme.
Mobile Application Development	11	This figure reflects the maintenance cost for the mobile platform in 2016/17.
Angus Digital	97	Re-development costs for the corporate Intranet have been agreed. The initial design workshop is being scheduled and no spend is anticipated in the current financial year.
Server Infrastructure Renewal	70	Currently reviewing new and more efficient technologies rather than refreshing older technology. New cost models are likely to be revenue based rather than capital.
Other minor variances	(14)	
Gross Under / (Over)spend	337	

Table 10 – Transforming Angus

Project	Gross Under/ (Over)spend £000	Commentary
Provision for Transforming Angus / Estate Rationalisation	223	Expenditure rephased in line with Transforming Angus programme - majority of expenditure coming through in current year will relate to Agile Angus related spend.
Gross Under / (Over)spend	223	

6 HOUSING CAPITAL MONITORING

- 6.1 Table 12 below sets out for information purposes, a summary of the position on the Housing capital monitoring which was last reported to the Communities Committee of 9 February 2016 (report 46/16 refers).

Table 11– Housing Capital Programme

Expenditure / Funding Source	<i>Monitoring Budget</i> £000	Latest Projection £000	Variance £000
Projected net expenditure	7,216	6,792	(424)
Borrowing (including Survive & Thrive)	206	248	42
Capital receipts	0	0	0
Capital Funded From Current Revenue	6,139	6,139	0
Transfer from Earmarked Reserves	871	405	(466)
Total funding	7,216	6,792	(424)

- 6.2 Members may wish to refer to report 46/16 for further detail on the above noted variance on the Housing capital programme.

7 CAPITAL PROJECTS MONITORING GROUP

- 7.1 The last meeting of the Capital Projects Monitoring Group (CPMG) took place on 17 March 2016. Should members wish to see the full minute of CPMG meetings, these are available from the Democratic Services section of Legal and Democratic Services.
- 7.2 The next meeting of the CPMG will take place on 28 April 2016. Members may wish to give direction to the CPMG should they consider the position on a particular project warrants further questioning at the CPMG meeting.

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 Strategic Director where considered appropriate.

IAN LORIMER HEAD OF CORPORATE IMPROVEMENT & 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