

ANGUS COUNCIL

**FINANCE AND INFORMATION TECHNOLOGY COMMITTEE – 3rd September,
2002**

POLICY AND RESOURCES COMMITTEE – 10th September, 2002

CAPITAL MONITORING - COMPOSITE CAPITAL PROGRAMME – 2002/3

REPORT BY THE DIRECTOR OF FINANCE

ABSTRACT

This report appraises members of the capital expenditure incurred for the period from 1st April, 2002 to 31st July, 2002 and measures projected capital expenditure for the year against budgeted provision and available resources for the year.

1. RECOMMENDATION

- It is recommended that the Committee notes the position as at 31st July, 2002 on the Composite Capital Programme as per the accompanying monitoring statement.
- Members should note that the Capital Budget Sub Group (CBSG) met on 9th August, 2002 to review the position on the Composite Capital Programme for 2002/3 and future years. As part of the Budget Process for 2003/4 it is expected that the CBSG will continue to review the position on the Composite Capital Programme and address issues relating to the projected spend position, possible slippage on projects and resources potentially available for 2002/3.
- Members should also note that projections of the year end position will be ongoing and brought forward, on a regular basis, to future Committees.

2. BACKGROUND

The original Composite Capital Programme Budget for the 2002/3 financial year (excluding Local Capital Fund Projects) was £10.298 million as per the Final Revenue and Capital Budgets Volume 2002/3 issued to members in May, 2002. When Local Capital Fund Projects are included the original budget for 2002/3 increases to £10.936 million.

Further to the availability of final expenditure figures for 2001/2 the Composite Capital Programme for 2002/3 was reviewed and revised to take account of underspends and overspends on projects with carry forward implications for 2002/3. In conducting such a review full consultations were held with Departments resulting in a subsequent revised budget (excluding Local Capital Fund Projects) of £11.158 million for 2002/3. When Local Capital Fund Projects are included the revised budget for 2002/3 increases to £11.796 million.

3. CURRENT POSITION

The accompanying monitoring statement sets out the position on the Composite Capital Programme for 2002/3 as at 31st July, 2002.

It can be seen that after the passage of four months or one third of the financial year, actual expenditure totalled £2.028 million, which equates to 17 per cent of the revised budget of £11.796 million for the year.

However, it should be noted that, in addition to actual expenditure achieved, work is ongoing on a number of projects for which no payment has, as yet, been made. Such payments will, of course, be reflected within the actual spend levels of future statements.

This position, although not unusual when compared with previous year trends (and noting £395,000 of covenant expenditure budgeted for the year which will not be incurred until March, 2002), must be closely monitored by Departmental Directors with a view to maximising budgeted expenditure for the year.

It is recognised that the latest estimate of expenditure of £11.807 million exceeds the total potential capital resource of £10.880 million by £927,000. Although the Composite Capital Programme is currently projecting an overspend it should be noted that the Programme is normally subject to a degree of slippage as the year progresses. Further, the Officer led Capital Budget Sub Group (CBSG) will meet in due course as part of the Budget Process for 2003/4. As part of this process it is expected that the CBSG will review the position on the Composite Capital Programme and address issues relating to the projected spend position, possible slippage on projects and resources potentially available for 2002/3.

It should also be noted that to maintain the balance between estimated expenditure and available resources it is incumbent on Departmental Directors - the Accountable Managers - to ensure that project expenditure proceeds according to plan. Accordingly, where the possibility of slippage arises, Departmental Directors must inform the Director of Finance at the earliest opportunity to allow a corporate assessment of the programme to be conducted and, where appropriate, resultant compensating action to be taken. Departmental Directors must also identify and notify potential overspends to the Director of Finance at the earliest opportunity to allow a similar assessment to be made.

4. FINANCIAL IMPLICATIONS

Financial implications are shown in the accompanying monitoring statement and up to date projections of the year end position will be brought before Committee at appropriate intervals.

5. CONCLUSION

It is concluded that Composite Programme capital expenditure projections are in excess of available resources. Although the Composite Capital Programme is currently projecting an overspend it should be noted that the Programme is normally subject to a degree of slippage as the year progresses.

It should also be noted that the Capital Budget Sub Group (CBSG) will meet in due course as part of the Budget Process for 2003/4. As part of this process it is expected that the CBSG will review the position on the Composite Capital Programme and address issues relating to

the projected spend position, possible slippage on projects and resources potentially available for 2002/3.

6. HUMAN RIGHTS IMPLICATIONS

There are no Human Rights Implications arising as a result of this report.

7. CONSULTATION

The Chief Executive, the Director of Law and Administration, the Director of Planning and Transport, the Director of Property Services and the Director of Roads have been consulted in the preparation of this report.

**DAVID S SAWERS
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.