

ANGUS COUNCIL

FINANCE AND INFORMATION TECHNOLOGY COMMITTEE – 29th January, 2002

POLICY AND RESOURCES COMMITTEE – 5th February, 2002

CAPITAL MONITORING - COMPOSITE CAPITAL PROGRAMME – 2001/2

REPORT BY THE DIRECTOR OF FINANCE

ABSTRACT

This report appraises members of the capital expenditure incurred for the period from 1st April, 2001 to 31st December, 2001 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 December, 2001 on the Composite Capital Programme as per the accompanying monitoring statement.
- notes that the Director of Finance 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 2001/2.
- notes 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 2001/2 financial year (excluding Local Capital Fund Projects) was £10.124 million as per the Final Revenue and Capital Budgets Volume 2001/2 issued to members in April, 2001. When Local Capital Fund Projects are included the original budget for 2001/2 increases to £10.511 million.

Further to the availability of final expenditure figures for 2000/1 the Composite Capital Programme for 2001/2 was reviewed and revised to take account of underspends and overspends on projects with carry forward implications for 2001/2. In conducting such a review full consultations were held with Departments resulting in a subsequent revised budget (excluding Local Capital Fund Projects) of £9.965 million for 2001/2. When Local Capital Fund Projects are included the revised budget for 2001/2 increases to £10.332 million.

The Budget Review Group met on 5th December, 2001 and 14th December, 2001 and considered the 2001/2005 Financial Plan Submissions from Departments in the light of estimated availability of capital funding resources for 2001/2 and 2002/3. It was decided that the capital budget for 2001/2 should be further revised in line with capital expenditure projections contained within the 2001/2005 Financial Plan Submissions. This action has resulted in an updated revised budget (excluding Local Capital Fund Projects) of £9.305 million for 2001/2. When Local Capital Fund Projects are included the updated revised budget for 2001/2 increases to £9.634 million.

3. CURRENT POSITION

The accompanying monitoring statement sets out the position on the Composite Capital Programme for 2001/2 as at 31st December, 2001.

It can be seen that after the passage of nine months actual expenditure totalled £5.334 million which equates to 55 per cent of the revised budget of £9.634 million for the current financial 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.

Further to production of the 2001/2005 Financial Plan Submissions it should be noted that the latest estimate of capital expenditure of £9.554 million for 2001/2 is marginally within the revised budget of £9.634 million for 2001/2. The projects which have contributed to this marginal underspend are highlighted in the Projected Over / (Under) Spend Column of the accompanying monitoring statement along with explanations for the variances.

It is recognised that the latest estimate of expenditure of £9.554 million is very much in line with the total potential capital resource of £9.666 million. It should 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.

It should also be noted that in its letter of 29th November, 2001 the Scottish Executive officially notified the Council that additional Section 94 Consent of £2.8 million had been awarded in 2001/2 towards the cost of replacing Montrose Bridge. Relevant expenditure on Montrose Bridge Replacement will not materialise until financial year 2003/4 and the Council are currently considering various options with regard to managing the award in view of the timing difficulties (as indicated within the paper presented to the Budget Strategy Group Meeting dated 7th January, 2001). It is expected that the Council will be in a position to decide on the most appropriate action in this respect by 31st January, 2002.

Further, as part of the Budget Process for 2002/3 it is expected that the Director of Finance 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 2001/2.

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 currently in line with available resources.

It should be noted that as part of the Budget Process for 2002/3 it is expected that the Director of Finance 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 2001/2.

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.