

ANGUS COUNCIL

FINANCE AND INFORMATION TECHNOLOGY COMMITTEE – 12th March, 2002

POLICY AND RESOURCES COMMITTEE – 19th March, 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 January, 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 January, 2002 on the Composite Capital Programme as per the accompanying monitoring statement.
- notes that projections of the year end position will be ongoing and subject to further monitoring.
- agrees that the Director of Finance is given the responsibility to utilise capital financing resources to bring about the most advantageous year end position for financial year 2001/2.

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 January, 2002.

It can be seen that after the passage of ten months actual expenditure totalled £5.745 million which equates to 60 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.

It is recognised that the latest estimate of expenditure of £9.444 million is marginally within the total potential capital resource of £9.666 million. Although the Composite Capital Programme is currently projecting an underspend it should be noted that the level of underspend is well within permitted limits for the carry forward of resources into 2002/3. Alternatively, consideration may be afforded to bringing forward project expenditure which has been approved for implementation in financial year 2002/3 with a view to increasing expenditure in the current financial year. It is the intention to monitor and address the foregoing issues with a view to bringing about the most advantageous year end position for financial year 2001/2.

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 further 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 were 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). The Council has decided that the most appropriate action in this respect is to enter into an inter authority transfer of consent. This transfer has been concluded with East Lothian Council on the understanding that the transferred amount will

be made available for return to Angus Council in 2002/3 at which time further consideration will be afforded to this matter.

4. FINANCIAL IMPLICATIONS

Financial implications are shown in the accompanying monitoring statement and up to date projections of the year end position will be ongoing and subject to further monitoring. The potential underspend on the Composite Capital Programme may be addressed through the carry forward of funding resources into financial year 2002/3 or through bringing forward project expenditure which has been approved for implementation in financial year 2002/3. It is the intention to monitor and address the foregoing issues with a view to bringing about the most advantageous year end position for financial year 2001/2.

5. CONCLUSION

It is concluded that Composite Programme capital expenditure projections are marginally within available resources and it is the intention to monitor and address issues pertaining to the potential underspend with a view to bringing about the most advantageous year end position for financial year 2001/2. The accompanying monitoring statement, therefore, can at this stage be regarded for information purposes only.

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.