

## ANGUS COUNCIL

FINANCE AND INFORMATION TECHNOLOGY COMMITTEE -  
5<sup>th</sup> May, 1998

POLICY AND RESOURCES COMMITTEE - 12<sup>th</sup> May, 1998

CAPITAL MONITORING - COMPOSITE CAPITAL PROGRAMME - 1997/8

REPORT BY THE DIRECTOR OF FINANCE

### ABSTRACT

This report appraises members of the capital expenditure incurred for the period from 1st April, 1997 to 28<sup>th</sup> February, 1998 and measures estimated capital expenditure for the year against available capital resources for the year.

### 1. RECOMMENDATION

It is recommended that the Committee:

- notes the position as at 28<sup>th</sup> February, 1998 on the Composite Capital Programme as per the accompanying monitoring statement.
- agrees the Director of Finance, in consultation with the Chief Executive, is given the responsibility to bring about the most advantageous position to the Council for the 1997/8 Capital Expenditure year end position.

### 2. BACKGROUND

The original Composite Capital Programme Budget for the 1997/8 financial year was £12.382 million as per the Final Revenue and Capital Budgets Volume 1997/8 issued to members in May, 1997.

As a result of adjustment to the original budget (R.355/97 to the Policy and Resources Committee dated 18th March, 1997 - Director of Roads requested to review and reduce his programme of expenditure by £176,000 ; R.683/97 to the Finance and Information Technology Committee dated 10th June, 1997 - deletion of £66,000 for Vehicle Replacement as a result of advance purchase within 1996/7 ; R.706/97 to the Policy and Resources Committee dated 17th June, 1997 - allowance of £21,000 for purchase of Microphone System for Town and County Hall ; removal of unallocated amount of £186,000 contained within original budget ; award of Specific Section 94 Capital Consent amounting to £196,000 for Education) the revised budget is therefore £12.171 million.

It is the responsibility of appropriate Directors to ensure that capital expenditure for particular projects is contained within capital budget limits.

### 3. CURRENT POSITION

The accompanying monitoring statement sets out the position on the Composite Capital Programme for 1997/8 as at 28<sup>th</sup> February, 1998 and the following comments are made:

It can be seen that after the passage of eleven months actual expenditure totalling £5.511 million is approaching 50 per cent of the revised budget of £12.171 million for the year. Whilst it is anticipated that expenditure will accelerate towards the end of the financial year (e.g. £395,000 of covenant expenditure budgeted for the year will not be incurred until March, 1998) it is evident that a degree of project slippage will occur and this will require to be carried forward into 1998/9. Departmental Directors have been contacted with a view to highlighting the low spend to date and requesting that all possible action is taken to maximise the achievement of the capital programme and minimise project slippage.

As indicated in the Capital Monitoring Report (Number 155/98) to the February Meeting of this Committee it became evident that a number of project area expenditure matters were effectively outwith the direct control of the Council and slippage of expenditure into the next financial year was inevitable. As reported to, and accepted by, Members at that time it was appropriate to advance certain areas of expenditure (planned for 1998/9) into 1997/8 and it will also be necessary to carry forward some capital receipts from 1997/8 for use within 1998/9. The rephasings of expenditure, as indicated, have been fed into the accompanying monitoring statement helping to ensure that the programme is effectively controlled and that full use is made of available funding. Further, the year end position will be managed by the Director of Finance, in consultation with the Chief Executive and Heads of Departments, with a view to achieving the optimum position for Angus Council. Members should note that action has already been taken in this respect resulting in adequate coverage, on a cash spend basis, of Section 94 Capital Consent Allocations for financial year 1997/8.

#### **4. FINANCIAL IMPLICATIONS**

Financial implications are shown in the accompanying monitoring and projections statement and the year end position will be brought before Committee at the earliest date following completion of the capital expenditure final accounts exercise.

#### **5. CONCLUSION**

As indicated above, the Composite Capital Programme for 1997/8 has suffered a degree of slippage requiring remedial action which has included bringing forward expenditure (which would otherwise have been incurred in 1998/9) from 1998/9 to 1997/8. Close monitoring has continued through to the financial year end (which has resulted in maximising the achievement of the capital programme and minimising project slippage) and the year end position will be brought before Committee at the earliest date following completion of the capital expenditure final accounts exercise. It is further concluded that the Director of Finance, in consultation with the Chief Executive, should be delegated to take appropriate action, which will include utilising the carry forward of capital receipts from 1997/8 for use within 1998/9 in accordance with Scottish Office guidance, thereby ensuring the full use of available funding to the advantage of Angus Council.

#### **6. CONSULTATION**

The Chief Executive, the Director of Law and Administration, 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.

1. SUMMARY OF CAPITAL EXPENDITURE 1997/98 - NON-HOUSING PROGRAMME

The table below shows  
 - 1997/98 original departmental capital budgets per the Final Revenue and Capital Budgets Volume 1997/98  
 - 1997/98 revised departmental capital budgets  
 - latest departmental projections for total capital expenditure in 1997/98

Programme	Capital Budget 1997/98		Actual to 28.02.98 £000	Latest Estimate £000	Projected Over/ (Under) Spend £000
	Original £000	Revised £000			
Education	2,044	2,240	1,166	1,885	(355)
Social Work	338	338	91	337	(1)
Roads	3,757	3,581	1,494	3,318	(263)
General Services (inc. Non-HRA)	6,243	6,012	2,760	5,509	(503)
	12,382	12,171	5,511	11,049	(1,122)

2. SUMMARY OF PROJECTED EXPENDITURE/RESOURCES

The following table compares the anticipated capital expenditure resources available to the Council in 1997/98 with the latest projection of capital spend. To adhere to Scottish Office controls the Council must ensure that the Section 94 resource utilised during the financial year does not vary by more than + 5% or - 10% of the issued S94 Consents.

Programme	Issued Consents		Consent Augmentation		CFCR		Total CF CR £000	Maximum Potential Capital Resource £000	Latest Estimate £000	Latest Est as a % of Resources %							
	Single Allocation £000	Spend to Save Realloc. £000	Spillage £000	Challenge Fund etc £000	C/f From 1996/97 £000	Est Capital Receipts £000					Use of 5% Anticipation £000	Maximum Section 94 Resource £000	Per Finance Cir. 30/96 £000	Per Spend to Save Grant/ Savings £000	Reduction For 1996/97 Over/Under £000	Common Good 1997/98 £000	Fee Income 1997/98 £000
Education	5,144	0	3,842	0	740	257	1,250	9,983	1,250	766	(248)	89	90	11,930	11,049	93	
Social Work																	
Roads																	
General Services (inc. Non-HRA)																	
<b>Total</b>	<b>5,144</b>	<b>0</b>	<b>3,842</b>	<b>0</b>	<b>740</b>	<b>257</b>	<b>1,250</b>	<b>9,983</b>	<b>1,250</b>	<b>766</b>	<b>(248)</b>	<b>89</b>	<b>90</b>	<b>11,930</b>	<b>11,049</b>	<b>93</b>	

3. Explanation of Significant Variances (Latest Departmental Projection Less Revised Capital Budget Provision)

To ensure strict accountability regarding the monitoring of capital expenditure, delegated responsibility for each project will be specifically assigned to either Finance (F), Property (P) or the Service Department (SD) as shown below

Note : Columns 1,2,3, & 4 must always equal Estimated Total Cost for each project

Programme/Project	Assigned Resp.	Estimated Total Cost £000	Monitoring of 1997/98 Expenditure				Projected over/under Spend £000	3	4	Explanation of Variances
			1	2	3	4				
			Prior to 1.4.97 £000	Capital Budget 1997/98	Actual to 28.02.98 £000	Latest Estimate £000	1998/99 £000	Later Years £000		
			Original	Revised						
			£000	£000	£000	£000	£000	£000		
<b>Education</b>										
1	F	3,177	1,122	187	8	187	0	187	1,661	Project slippage - adverse ground conditions.
2	P	52	42	8	8	10	2	0	0	
3	P	2,562	160	1,544	1,018	1,210	(334)	1,144	48	
4	P	47	45	2	1	2	0	0	0	
5	P	960	0	150	99	150	0	210	600	Programme Identified - R.730/97 - Education Executive Sub Committee
6	SD	870	0	20	9	70	50	200	600	Agreement of Capital Programme Co-ordination Group (C.P.C.G.)
7	P	950	0	100	30	50	(50)	730	170	Reference R.1042/97 - Education Committee dated 14.10.97
8	P	1,570	0	33	30	10	10	220	1,340	
9	P	641	0	196	641	196	0	390	55	
		10,829	1,369	2,240	1,166	1,885	(355)	3,081	4,494	
<b>Social Work</b>										
10	F	1,494	526	88	88	88	0	88	790	Health Authority currently committed to contribution of £500,000 - awaiting confirmation that the additional £17,000 will be made available
11	P	517	0	430	24	27	3	476	14	Programme Identified
		(517)	0	(430)	66	204	8	231	370	
12	P	805	0	196	15	15	0	0	0	
13	SD	15	0	10	10	10	0	11	22	
14	SD	43	0	10	10	10	0	0	0	
15	SD	13	0	13	13	13	0	0	0	
16	P	7	0	16	1	7	(6)	0	0	
		2,377	526	336	91	337	(1)	330	1,182	
<b>Roads</b>										
17	F	832	294	49	110	49	0	49	440	Reference R.1063/97 - P + R Committee dated 28.10.97
18	SD	5,515	5,332	177	106	183	6	0	0	
19	SD	131	25	25	21	43	18	29	5,100	
20	SD	5,172	0	25	60	4	(53)	150	450	
21	SD	607	0	60	3	6	(54)	110	250	
22	SD	366	0	60	87	154	(71)	35	0	Additional Funding of £36,000 from Spend to Save
23	SD	189	0	225	225	225	(71)	35	0	
24	SD	4,490	0	1,000	183	650	(350)	1,450	2,390	Note transfer of budget to Bridge Repairs - R.878/97 - Roads Committee - 28.08.97
25	SD	3,080	0	80	18	80	0	56	2,944	Note transfer of budget to Bridge Repairs
26	SD	300	0	50	50	50	0	0	250	Note transfer of budget to Bridge Assessments / Bridge Strengthening
27	SD	256	0	130	13	41	(89)	195	20	Programme Identified R.483/97 - Roads Committee - 24.04.97
28	SD	2,055	0	430	231	330	(100)	475	1,250	Pedestrian Crossing Programme identified - R.462/97 - Roads Committee - 24.04.97
29	SD	1,209	0	250	209	374	124	250	560	
30	SD	1,652	0	275	123	352	77	250	1,050	
31	SD	169	0	80	20	49	(31)	60	60	
32	SD	1,682	0	300	125	332	32	300	1,050	
33	SD	532	0	75	82	82	7	150	300	
34	SD	833	0	50	3	33	(17)	100	700	
35	SD	11,897	0	146	78	79	9	0	11,818	
36	SD	2,042	0	150	2	42	(6)	0	2,000	
37	SD	282	0	20	22	22	2	30	210	
38	SD/P	200	0	100	100	100	0	100	0	
39	P	4	0	0	4	4	4	0	0	Actual expenditure of £4,000 represents Property Services Professional Fees in respect of Tayside Contracts Depot at Kirriemuir Road, Forfar
40	SD	0	0	0	1,494	150	(150)	(150)	0	Reference R.155/98 - Finance + I.T. Committee dated 03.02.98
		43,475	5,651	3,757	3,581	3,318	(263)	3,664	30,842	

Assigned Resp.	Monitoring of 1997/98 Expenditure					Projected over/ (under) Spend £000	3 1998/99 £000	4 Later Years £000
	Estimated Total Cost £000	1 Prior to 1.4.97 £000	Capital Budget 1997/98	2 Actual to 28.02.98 £000	Latest Estimate £000			
			Original £000	Revised £000				
			30	30	1	30	0	0
			60	10	10	10	0	0
			30	30	0	0	(30)	29
			120	70	1	40	(30)	29

Explanation of Variances

Tenders returned - 15.01.98  
Request to I.T. for prices  
Delay in commencement of project

P	66	64	2	2	1	2	0	0
SD/P	2,450	120	530	530	24	530	0	400
SD	1,786	0	66	0	0	0	0	1,400
SD	0	0	0	0	0	150	150	1,501
	4,302	184	598	532	25	682	150	535
								2,901

Tender Report to Committee dated 13.01.98

Reference R.155/98 - Finance + I.T. Committee dated 03.02.98

Assigned Resp.	Estimated Total Cost £000	1 Prior to 1.4.97 £000	Capital Budget 1997/98	2 Actual to 28.02.98 £000	Latest Estimate £000	Projected over/ (under) Spend £000	3 1998/99 £000	4 Later Years £000
SD	180	0	80	80	80	0	0	100
SD	320	0	80	13	80	0	0	240
SD	25	0	25	10	25	0	0	0
SD	70	0	50	8	50	0	0	20
P	623	0	554	531	587	33	36	0
	1,218	0	789	615	822	33	36	360

R.924/97 - Finance + I.T. Committee dated 02.09.97

Information Technology

48 Replacement Revenues Hardware  
49 General Replacement/Upgrade  
50 Albroath Communications Node  
51 Customer Care/Decentralisation  
52 Closed Circuit Television

Planning, Transport and Economic Development

F	822	323	46	46	9	48	2	48	403
SD	110	55	50	50	172	50	0	5	0
P	125	57	85	85	62	63	(22)	5	0
SD	242	222	12	12	20	20	8	0	0
SD	86	85	1	1	1	1	0	0	0
SD	361	0	150	150	3	25	(148)	120	240
SD	140	0	35	35	13	13	(10)	15	100
SD	53	0	15	15	8	15	(2)	20	20
SD	80	0	15	15	10	10	0	15	50
SD	70	0	10	10	10	10	0	20	40
SD	325	0	150	150	15	25	(125)	300	0
SD	100	0	20	20	0	0	(20)	20	80
P	1,252	0	160	160	49	145	(15)	65	1,042
SD	313	0	40	40	5	5	(35)	108	200
SD	190	0	30	30	0	0	(30)	20	170
P	1,519	17	1,107	1,107	261	830	(277)	645	27
SD	125	0	125	125	5	5	(62)	185	0
SD	190	0	67	67	16	16	0	2	0
P	55	37	0	0	2	2	0	0	0
SD/P	21	19	0	0	811	910	310	600	500
SD/P	401	900	600	600	13	13	13	305	83
	9,490	1,715	2,718	2,718	1,470	2,322	(396)	2,498	2,955

Amendment to repayment profile from 1997/98  
Actual expenditure to be offset by contributions from other departments / S.E.T.  
Actual expenditure to be offset by contribution of £95,000 from S.E.T.

Projected underspend - project delays at Albroath and Montrose

Delay in commencement of project

Compensating savings required  
Compensating savings required  
R.985/97 - Housing Committee dated 30.09.97

Monitoring of 1997/98 Expenditure

Assigned Resp.	Capital Budget 1997/98				Projected over/ (under) Spend £000	1998/99 £000	4 Later Years £000
	1 Prior to 1.4.97 £000	2 Original £000	3 Revised £000	4 Actual to 28.02.98 £000			
<b>Recreation Services</b>							
75	F	1,153	510	58	32	64	515
76	SD/P	11	0	12	10	(2)	0
77	P	7	0	10	7	(3)	0
78	P	15	0	20	14	(6)	0
79	P	0	0	5	0	(5)	0
80	P	9	0	5	9	4	0
81	P	0	0	5	0	(5)	0
82	P	14	0	15	14	(1)	0
83	P	0	0	10	0	(10)	0
84	P	12	0	0	12	12	0
85	P	24	0	20	1	21	0
86	P	5	0	0	1	5	0
87	P	5	0	0	5	5	0
		1,255	510	160	62	161	515
<b>Property Services</b>							
88	P	1,177	1,144	33	138	10	0
89	P	530	340	185	28	(25)	0
90	P	505	440	46	59	13	0
91	P	100	34	92	66	(26)	0
92	P	27	0	30	27	(3)	0
93	P	0	0	18	0	(18)	0
94	P	91	0	54	48	28	0
95	P	214	3	170	33	111	93
96	P	17	0	173	17	(156)	0
97	P	0	0	50	0	(50)	0
98	P	105	0	25	25	(25)	0
99	P	27	0	130	7	(105)	0
100	P	1,400	0	0	15	15	0
101	P	36	0	35	12	40	0
102	P	36	0	38	36	38	0
103	P	163	0	20	1	(7)	0
104	P	238	0	5	3	(2)	0
105	P	23	0	21	22	1	0
106	P	36	0	0	33	33	0
107	P	245	0	0	0	235	0
108	P	25	0	0	24	24	0
		4,999	1,961	1,125	438	978	1,396
<b>Coast Protection</b>							
109	SD	46	32	60	4	4	0
110	SD	157	0	90	134	157	0
111	SD	50	0	0	6	6	0
		253	32	150	144	167	0
<b>Tayside Valuation Joint Board</b>							
112	F	17	12	5	5	5	0
<b>Miscellaneous</b>							
113	CE	32	0	33	32	(1)	0
114	F	300	0	430	300	(130)	0
115	F	0	0	186	0	0	0
		332	0	649	0	(332)	0
<b>GENERAL SERVICES TOTAL</b>							
		21,986	4,414	6,243	2,760	5,509	8,188
<b>GRAND TOTAL</b>							
		78,667	11,962	12,382	5,511	11,049	44,706

Explanation of Variances

Amendment to repayment profile from 1997/98

Now Spend to Save

Now Spend to Save

Project cancelled

To be financed from Common Good and grant of £20,000 due from Historic Scotland

Works no longer required

Reference R.923/97 - Personnel and Property Services Committee dated 21.10.97  
Reference R.1091/97 - Personnel and Property Services Committee dated 21.10.97  
Project under review - £17,000 for 1997/8 to be financed from Common Good

Project delayed / deferred

Project delayed / deferred

G.F. element of Local Housing Office. Balance to fund purchase of Ravenswood.  
Reference R.1099/97 - Personnel and Property Services Committee dated 21.10.97

Further information is being sought on other audio visual options  
Reference R.155/98 - Finance + I.T. Committee dated 03.02.98  
Inc. NOSWA relocation

Property Services relocation from Tayside House

R.461/97 - Roads Committee - 24.04.97  
R.461/97 - Roads Committee - 24.04.97  
To be financed from Common Good

Specific Allowance included within Section 94 Capital Consent