

ANGUS COUNCIL

**RESOURCES AND CENTRAL SERVICES COMMITTEE
STRATEGIC POLICY COMMITTEE**

**29 JANUARY 2004
3 FEBRUARY 2004**

SUBJECT: CAPITAL MONITORING – COMPOSITE CAPITAL PROGRAMME – 2003/04

REPORT BY DIRECTOR OF FINANCE

Abstract: This report apprises members of the capital expenditure incurred for the period from 1st April, 2003 to 31st December, 2003 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 –

1. notes the position as at 31st December, 2003 on the Composite Capital Programme as per the accompanying monitoring statement; and
2. notes that projections of the year end position will be ongoing and brought forward to future Committees.

2. BACKGROUND

The original Composite Capital Programme Budget for the 2003/4 financial year (excluding Local Capital Fund Projects) was £15.617 million as per the Final Revenue and Capital Budgets Volume 2003/4 issued to members in April, 2003. When Local Capital Fund Projects are included the original budget for 2003/4 increases to £16.843 million.

Further to the availability of final expenditure figures for 2002/3 the Composite Capital Programme for 2003/4 was reviewed and revised to take account of underspends and overspends on projects with carry forward implications for 2003/4. In conducting such a review full consultations were held with Departments resulting in a subsequent revised budget (excluding Local Capital Fund Projects) of £15.718 million for 2003/4. When Local Capital Fund Projects are included the revised budget for 2003/4 increases to £16.944 million.

The Capital Budget Sub Group met on 29th October, 2003 and considered the 2003/2007 Financial Plan Submissions from Departments in the light of estimated availability of capital funding resources for 2003/4 and 2004/5. The Capital Budget Sub Group also reviewed the position on the Composite Capital Programme for 2003/4 which was projecting a considerable underspend. In the circumstances the Director of Finance brought forward proposals to address the projected underspend within the 2003/4 General Fund Capital Budget Report Number 1410/03 to the meeting of the Resources and Central Services Committee dated 4th December, 2003. The proposals brought forward (which included the advancement of planned capital expenditure - £950,000; the deferral of planned funding contributions - £1.193 million and the reclassification of planned Renewal and Repairs Fund expenditure - £2.855 million) were approved and it was decided that the capital budget for 2003/4 should be revised accordingly. This action has resulted in an updated revised budget (excluding Local Capital Fund Projects) of £16.184 million for 2003/4. When Local Capital

Fund Projects are included the updated revised budget for 2003/4 increases to £16.204 million. It should be noted that the revised budget for 2003/4 of £16.204 million was set in excess of projected resources by approximately £300,000 to take account of further slippage which could occur over the winter period.

3. CURRENT POSITION

The accompanying monitoring statement sets out the position on the Composite Capital Programme for 2003/4 as at 31st December, 2003.

It can be seen that after the passage of nine months actual expenditure totalled £6.390 million which equates to approximately 40 per cent of the revised budget of £16.204 million for the year.

In view of the current low spend to date it should be noted, as follows:

- 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.
- Following agreement and adoption of the measures indicated within Paragraph 3 to the Background at Section 2 above increased spend on the Composite Capital Programme resulting from the approved proposals will take time to materialise.

Unfortunately further to remedial action on the Composite Capital Programme, as indicated above, additional slippage has occurred resulting in an underspend currently estimated at £908,000 within the accompanying Capital Monitoring Statement. The additional slippage referred to is mainly attributable to the following:

- Environmental and Consumer Protection - delays in the identification of suitable sites for remediation of contaminated land (£117,000)
- Planning and Transport – slippage within the Public Transport Fund Projects due to delays in negotiations with Network Rail / Scotrail (£318,000) and protracted negotiations over ground purchase for cycleways (£77,000)
- Economic Development – delays in the acquisition of employment land (£150,000) and construction of business units (£220,000); delays in the provision of services to extension at Orchardbank (£176,000) and deferral in the provision of services to employment land at Arbroath (£105,000)

In view of the foregoing the Director of Finance will seek to take action to identify and implement further remedial measures to address the current projected underspend of £908,000 on the Composite Capital Programme for 2003/4 with further reports submitted to future Committees.

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. HUMAN RIGHTS IMPLICATIONS

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

6. 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.

7. CONCLUSION

Following agreement and adoption of the measures indicated within Paragraph 3 to the Background at Section 2 above the Composite Capital Programme for 2003/4 was restored to a position where estimated expenditure was approximately £300,000 in excess of projected resources. This marginal overspend position was regarded as prudent in view of further slippage which could occur over the winter period.

Unfortunately further to remedial action on the Composite Capital Programme, as indicated above, additional slippage has occurred resulting in an underspend currently estimated at £908,000 within the accompanying Capital Monitoring Statement.

In view of the foregoing the Director of Finance will seek to take action to identify and implement further remedial measures to address the current projected underspend of £908,000 on the Composite Capital Programme for 2003/4 with further reports submitted to future Committees.

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.

DSS/SMS/PH
19/01/04

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