

ANGUS COUNCIL

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

**2 DECEMBER 2004
7 DECEMBER 2004**

SUBJECT: CAPITAL MONITORING – COMPOSITE CAPITAL PROGRAMME 2004/05

REPORT BY DIRECTOR OF FINANCE

<p>Abstract: This report apprises members of the capital expenditure incurred for the period from 1 April 2004 to 31 October 2004 and measures projected capital expenditure for the year against budgeted provision for the year.</p>

1 RECOMMENDATION

1.1 It is recommended that the Committee –

- i. note the position as at 31 October 2004 on the Composite Capital Programme as per the accompanying Capital Monitoring Statement;
- ii. note that as part of the Budget Process for 2005/6 it is expected that the Capital Budget Sub Group in conjunction with the Capital Projects Monitoring Group 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 2004/5;
- iii. note projections of the year end position will be ongoing and brought forward, on a regular basis, to future Committees; and
- iv. the Committee authorises a price/quality ratio of 70/30 in respect of the Orchardbank Headquarter Offices Project.

2 BACKGROUND

2.1 The original Composite Capital Programme Budget for the 2004/5 financial year (excluding Local Capital Fund Projects) was £10.048 million as per the Final Revenue and Capital Budgets Volume 2004/5 issued to members in May 2004. When Local Capital Fund Projects are included the original budget for 2004/5 increases to £18.807 million.

2.2 Further to the availability of final expenditure figures for 2003/4 the Composite Capital Programme for 2004/5 was reviewed and revised to take account of under spends and over spends on projects with carry forward implications for 2004/5. In conducting such a review full consultations were held with Departments resulting in a subsequent revised budget (excluding Local Capital Fund Projects) of £10.293 million for 2004/5. When Local Capital Fund Projects are included the revised budget for 2004/5 increases to £17.299 million.

- 2.3 The Capital Budget Sub Group met on 26 October 2004 and considered the 2004/2008 Financial Plan Submissions from Departments in the light of estimated availability of capital funding resources for 2004/5 and 2005/6. It was decided that the capital budget for 2004/5 should be further revised in line with capital expenditure projections contained within the 2004/2008 Financial Plan Submissions. This action has resulted in an updated revised budget (excluding Local Capital Fund Projects) of £9.355 million for 2004/5. When Local Capital Fund Projects are included the updated revised budget for 2004/5 increases to £16.408 million.

3 CURRENT POSITION

- 3.1 The accompanying Capital Monitoring Statement sets out the position on the Composite Capital Programme for 2004/5 as at 31 October 2004.
- 3.2 It can be seen that after the passage of seven months actual gross expenditure totalled £10.342 million, which equates to 33 per cent of the gross revised budget of £31.794 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.
- 3.3 This position, although not unusual when compared with previous year trends, must be closely monitored by Departmental Directors with a view to maximising budgeted expenditure for the year.
- 3.4 Excluding Local Capital Fund Projects the latest estimate of net expenditure of £9.363 million for the year is very much in line with the net revised budget of £9.355 million for the year. However, as explained within the Capital Monitoring Report presented to the Resources and Central Services Committee dated 21 October 2004 and the Strategic Policy Committee dated 26 October 2004 there are resources in place to fund a Net Programme of £9.633 million for the year. On the basis of estimated net expenditure of £9.363 million for the year there are, therefore, excess resources of £270,000 currently available on the Composite Capital Programme for 2004/5.
- 3.5 With regard to available resources of £270,000 (as indicated within the previous paragraph) and as a safeguard against possible further slippage, Departments have been requested to identify project expenditure within the Programme which may be brought forward into 2004/5 from future years. It should be noted that project expenditure identified in this way will be subject to scrutiny by the Capital Budget Sub Group prior to inclusion in the Composite Capital Programme for 2004/5.
- 3.6 Further as part of the Budget Process for 2005/6 it is expected that the Capital Budget Sub Group in conjunction with the Capital Projects Monitoring Group 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 2004/5.

- 3.7 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 Chief Executive and 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 Chief Executive and the Director of Finance at the earliest opportunity to allow a similar assessment to be made.

4 HEADQUARTER OFFICES AT ORCHARDBANK – DESIGN AND BUILD QUALITY ASSESSMENT (PROJECT NUMBER 184 WITHIN THE ATTACHED CAPITAL MONITORING STATEMENT)

- 4.1 Members will no doubt be aware that the procurement of Headquarter Offices at Orchardbank will be by Design and Build Contract (Reference Report Number 833/04 to the Meeting of Angus Council dated 1st July, 2004). The European Union Public Procurement Regulations provide that the evaluation of such tenders may be considered on a price/quality basis with a view to delivering the most economically advantageous tender. In the circumstances the Committee are requested to authorise a price weighting of 70 per cent and a quality weighting of 30 per cent in order to ensure design and construction matters are afforded adequate weighting within the tender process.

5 FINANCIAL IMPLICATIONS

- 5.1 Financial implications are shown in the accompanying Capital Monitoring Statement and up to date projections of the year end position will be brought before Committee at appropriate intervals.

6 HUMAN RIGHTS IMPLICATIONS

- 6.1 There are no Human Rights Implications arising as a result of this Report.

7 CONSULTATION

- 7.1 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.

8 CONCLUSION

- 8.1 It is concluded that Composite Capital Programme capital expenditure projections are within available resources. Although the Composite Capital Programme is currently projecting an under spend it should be noted that as part of the Budget Process for 2005/6 it is expected that the Capital Budget Sub Group in conjunction with the Capital Projects Monitoring Group 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 2004/5.

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 the above Report.

DSS/SMS/PH
22/11/04

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