REPORT NO 1461/05

ANGUS COUNCIL

RESOURCES AND CENTRAL SERVICES COMMITTEE – 1st December 2005

STRATEGIC POLICY COMMITTEE – 6th December 2005

CAPITAL MONITORING – COMPOSITE CAPITAL PROGRAMME – 2005/06

REPORT BY THE ACTING DIRECTOR OF FINANCE

ABSTRACT

This report apprises members of the capital expenditure incurred for the period from 1st April 2005 to 30th September 2005 and measures projected capital expenditure for the year against budgeted provision for the year.

1. RECOMMENDATIONS

It is recommended that the Committees note:-

(i) the position on the Composite Capital Programme as at 30th September 2005 as per the accompanying Capital Monitoring Statement.

(ii) as part of the Budget Process for 2006/7 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 2005/6.

(iii) projections of the year end position on the Composite Capital Programme will be ongoing and brought forward, on a regular basis, to future Committees.

2. BACKGROUND

Members may recall the Council's special budget meetings which took place on 10th February 2005 and approved a provisional 2005/6 capital budget totalling £15.488 million net (after allowing for interim overall movements of £1.666 million) and £37.435 million gross (report 186/05 refers.) An interim update of this position was undertaken for inclusion within the 2005/6 Final Revenue Budget Volume (report 545/05 refers). Report 545/05 further noted that a comprehensive update would take place over the summer months, based on actual expenditure for 2004/5, to establish the capital monitoring budget for the year (to be published within a separate 2005/6 Final Capital Budget Volume).

Further to the availability of the final expenditure figures for 2004/5 the Composite Capital Programme for 2005/6 was reviewed and revised to take account of under spends and over spends on projects with carry forward implications for 2005/6. In conducting such a review full consultations were held with Departments resulting in the Final Capital Budgets Volume 2005/6 (per report 1042/05 to both the Resources & Central Services Committee dated 1st September 2005 and the Strategic Policy Committee dated 6th September 2005).

The updated Composite Capital Programme net budget for the 2005/6 financial year as per the Final Capital Budgets Volume is £14.914 million. This translates into a gross budget of £38.860 million when project specific capital receipts, Local Capital Fund contributions and revenue funding are taken into account. Capital monitoring will be reported on both a gross and net capital budget position using these stated figures as the budget base.

The 2005/6 capital monitoring budget of £14.914 million contains no slippage allowance and shows a decrease of £574,000 when compared with the provisional net capital budget position of £15.488 million reflected in report 186/05. This has mainly arisen due to slippage on a number of departmental capital programmes coupled with significant rephasing of expenditure and funding contributions which were not anticipated.

3. CURRENT POSITION

The accompanying Capital Monitoring Statement sets out the position on the Composite Capital Programme for 2005/6 as at 30th September 2005. The Statement details project capital expenditure on both a gross basis and a net basis. Budgeted expenditure for the year on a gross basis totals £38.860 million. After taking account of project specific capital receipts, Local Capital Fund contributions and revenue funding, this nets down to £14.914 million, which is the sum that must be funded from borrowing and pooled capital receipts.

The statement shows that the latest estimate of gross expenditure outturn for the year at £38.765 million is only marginally less than, and therefore consistent with, the gross budget of £38.860 million for the year.

On a net basis the latest estimate is £14.517 million which is less than the net budget of £14.914 million for the year by £397,000. The projects which have contributed to the slippage of £397,000 as indicated are clearly identified within the Projected Over / (Under) Spend Column of the accompanying Capital Monitoring Statement. It should also be noted that specific projects within Leisure Services (i.e. the Webster Theatre and the extension to the Saltire Leisure Centre) and Property Services (i.e. the Access Point / Housing Office at Arbroath and the Phase 2 Upgrade of the Reid Hall) account for a substantial part of slippage identified to date. Reasons for slippage on the specific projects referred to are included within the Explanation of Variances Column of the accompanying Capital Monitoring Statement.

It can be seen that after the passage of six months actual gross expenditure totalled £12.872 million which equates to 33 per cent of the gross budget of £38.860 million for the year. Actual net expenditure totalled £4.563 million which equates to 31 per cent of the net budget of £14.914 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.

This position, although not unusual when compared with previous year trends, must be closely monitored by Department Directors with a view to maximising budgeted expenditure for the year.

It should be noted that as part of the Budget Process for 2006/7 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 2005/6.

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 Acting 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 over spends to the Chief Executive and the Acting Director of Finance at the earliest opportunity to allow a similar assessment to be made.

4. FINANCIAL IMPLICATIONS

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.

5. HUMAN RIGHTS IMPLICATIONS

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

6. CONSULTATION

The Chief Executive and all Chief Officers have been consulted in the preparation of this report.

7. CONCLUSION

Some slippage is evident from the accompanying Capital Monitoring Statement. However, it should be noted that as part of the Budget Process for 2006/7 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 2005/6.

COLIN McMAHON
ACTING 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.