ABSTRACT
This report apprises members of the capital expenditure incurred for the period from 1 April 2010 to 31 January 2011 and measures projected capital expenditure for the year against budgeted provision for the year.

1 RECOMMENDATION
1.1 It is recommended that the Committee notes for its interest:

i. the expenditure position on the General Fund Capital Programme as at 31 January as per Tables 1 and 2 below and the accompanying Capital Monitoring Statement (Appendix 1);

ii. that projections of the 2010/11 year end position on the General Fund Capital Programme will be ongoing and brought forward, on a regular basis, to future committees; and

iii. that the next meeting of the Capital Projects Monitoring Group is scheduled to take place on 17 March 2011.

2 BACKGROUND
2.1 The responsibilities of Chief Officers with regard to capital monitoring are set out in Section 7 of the Council’s Financial Regulations. This report seeks to ensure that budgetary control is exercised in line with those Regulations through the early identification of variances and the appropriate actions for dealing with these.

2.2 Notwithstanding the 6 weekly cycle of committee meetings, monitoring is carried out on a monthly basis involving departments and their departmental accountants. This process first examines the actual expenditure incurred on each project to the end of each month in the context of what was expected to have been incurred by that time. In light of the actual expenditure and the remaining programme of works, consideration is then given to the likely expenditure outturn which might be incurred by the end of the financial year.

2.3 Where the possibility of significant expenditure slippage arises, the Head of Finance must ensure that an assessment of the relevant programme is carried out and must consider what resultant action needs to be taken. Accordingly it is important that Departmental Directors and Service Heads identify and notify significant potential under and over spends to the Head of Finance at the earliest opportunity.

2.4 Monitoring is carried out on both a gross and net basis. The gross cost of a project is the total anticipated actual cost before allowing for any applicable funding sources. The net cost of a project is the gross cost less any direct funding which may have been identified, for example specific grants, revenue contributions (CFCR), Renewal & Repair (R&R) funding and ring-fenced capital receipts. Consequently the net cost represents the capital expenditure which requires to be funded through borrowing, Scottish Government general capital grant, corporate capital receipts and any agreed corporate revenue budget contributions.
3 CAPITAL BUDGET

3.1 The Council's special budget meetings took place on 17 February 2010 at which the provisional 2010/11 capital budget was approved. Following the conclusion of the 2009/10 final accounts exercise and in full consultation with departments, the provisional 2010/11 capital budget was reviewed and revised to take account of 2009/10 under and over spends with carry forward implications for 2010/11. This review produced an updated 2009/2013 Financial Plan (report 647/10 refers), which includes the capital monitoring budget for 2010/11, and this is reflected in the 2010/11 Final Capital Budget Volume. It should be noted that a slippage allowance of £750,000 has also been built into the capital programme as part of the 2010/11 budget setting process.

3.2 The 2010/11 gross and net budgets detailed in Tables 1 and 2 below, and Appendix 1 are the budgets against which departments must monitor their spend for the remainder of the financial year.

4 CURRENT POSITION

4.1 Tables 1 and 2 set out the current position on the overall General Fund Capital Programme for 2010/11 as at 31 January 2011 on a gross and net (after the deduction of funding contributions) basis respectively.

4.2 Appendix 1 gives further detail in respect of the 2010/11 position of capital projects which have a budgeted gross expenditure in excess of £50,000 or by exception where considered appropriate. A more detailed monitoring statement covering all General Fund projects is available in the Members’ Lounge should information be required on a project not covered in the capital monitoring statement at Appendix 1.

4.3 It should be noted that some projects detailed on Appendix 1 are classified as non enhancing expenditure. This may be because the expenditure is more revenue in nature, or is capital expenditure on a third party’s asset, and therefore must be transferred back to revenue at the year end. These projects are not included within the summary of gross and net capital expenditure detailed in Appendix 1 (page 1) or within Tables 1 and 2, below, but will continue to be monitored through the capital monitoring process.
Table 1 - **GROSS** Capital Expenditure

<table>
<thead>
<tr>
<th>Programme</th>
<th>Gross Budget £,000</th>
<th>Actual To 31 Jan 11 £,000</th>
<th>Actual Against Budget %</th>
<th>Latest Year End Estimate £,000</th>
<th>Projected Over / (Under) Spend £,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance</td>
<td>91</td>
<td>0</td>
<td>0.0</td>
<td>0</td>
<td>(91)</td>
</tr>
<tr>
<td>Information Technology</td>
<td>798</td>
<td>370</td>
<td>46.4</td>
<td>725</td>
<td>(73)</td>
</tr>
<tr>
<td>Law &amp; Administration</td>
<td>64</td>
<td>0</td>
<td>0.0</td>
<td>0</td>
<td>(64)</td>
</tr>
<tr>
<td>Property</td>
<td>818</td>
<td>461</td>
<td>56.4</td>
<td>767</td>
<td>(51)</td>
</tr>
<tr>
<td>Education</td>
<td>3,425</td>
<td>2,783</td>
<td>81.3</td>
<td>3,426</td>
<td>1</td>
</tr>
<tr>
<td>Infrastructure Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Development and Environment &amp; Consumer Protection</td>
<td>1,968</td>
<td>748</td>
<td>38.0</td>
<td>1,371</td>
<td>(597)</td>
</tr>
<tr>
<td>Planning and Transport</td>
<td>928</td>
<td>416</td>
<td>44.8</td>
<td>1,001</td>
<td>73</td>
</tr>
<tr>
<td>Roads</td>
<td>11,159</td>
<td>5,267</td>
<td>47.2</td>
<td>10,080</td>
<td>(1,079)</td>
</tr>
<tr>
<td>Neighbourhood Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Headquarters</td>
<td>12</td>
<td>9</td>
<td>75.0</td>
<td>16</td>
<td>4</td>
</tr>
<tr>
<td>Cultural Services</td>
<td>440</td>
<td>72</td>
<td>16.4</td>
<td>190</td>
<td>(250)</td>
</tr>
<tr>
<td>Environmental Management</td>
<td>4,072</td>
<td>1,800</td>
<td>44.2</td>
<td>3,872</td>
<td>(200)</td>
</tr>
<tr>
<td>Leisure Services</td>
<td>936</td>
<td>410</td>
<td>43.8</td>
<td>965</td>
<td>29</td>
</tr>
<tr>
<td>Other Housing</td>
<td>0</td>
<td>0</td>
<td>n/a</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Social Work and Health</td>
<td>(43)</td>
<td>417</td>
<td>-969.8</td>
<td>30</td>
<td>73</td>
</tr>
<tr>
<td>Gross Totals</td>
<td>24,668</td>
<td>12,753</td>
<td>51.7</td>
<td>22,443</td>
<td>(2,225)</td>
</tr>
</tbody>
</table>

Table 2 - **NET** Capital Expenditure

<table>
<thead>
<tr>
<th>Programme</th>
<th>Net Budget £,000</th>
<th>Actual To 31 Jan 11 £,000</th>
<th>Actual Against Budget %</th>
<th>Latest Year End Estimate £,000</th>
<th>Projected Over / (Under) Spend £,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance</td>
<td>91</td>
<td>0</td>
<td>0.0</td>
<td>0</td>
<td>(91)</td>
</tr>
<tr>
<td>Information Technology</td>
<td>0</td>
<td>0</td>
<td>n/a</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Law &amp; Administration</td>
<td>0</td>
<td>0</td>
<td>n/a</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Property</td>
<td>(115)</td>
<td>(314)</td>
<td>273.0</td>
<td>(131)</td>
<td>(16)</td>
</tr>
<tr>
<td>Education</td>
<td>219</td>
<td>1,306</td>
<td>596.3</td>
<td>851</td>
<td>632</td>
</tr>
<tr>
<td>Infrastructure Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Development and Environment and Consumer Protection</td>
<td>1,224</td>
<td>648</td>
<td>52.9</td>
<td>1,038</td>
<td>(186)</td>
</tr>
<tr>
<td>Planning and Transport</td>
<td>693</td>
<td>378</td>
<td>54.5</td>
<td>693</td>
<td>0</td>
</tr>
<tr>
<td>Roads</td>
<td>8,269</td>
<td>4,110</td>
<td>49.7</td>
<td>7,690</td>
<td>(579)</td>
</tr>
<tr>
<td>Neighbourhood Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Headquarters</td>
<td>0</td>
<td>0</td>
<td>n/a</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cultural Services</td>
<td>0</td>
<td>0</td>
<td>n/a</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Environmental Management</td>
<td>2,527</td>
<td>603</td>
<td>23.9</td>
<td>1,689</td>
<td>(838)</td>
</tr>
<tr>
<td>Leisure Services</td>
<td>773</td>
<td>243</td>
<td>31.4</td>
<td>19</td>
<td>(754)</td>
</tr>
<tr>
<td>Other Housing</td>
<td>0</td>
<td>0</td>
<td>n/a</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Social Work and Health</td>
<td>(66)</td>
<td>412</td>
<td>-624.2</td>
<td>11</td>
<td>77</td>
</tr>
<tr>
<td>Net Totals</td>
<td>13,615</td>
<td>7,386</td>
<td>54.2</td>
<td>11,860</td>
<td>(1,755)</td>
</tr>
</tbody>
</table>
4.3 Members will note that with ten months of the financial year gone the actual spend levels shown in Tables 1 and 2 are low. It should be noted however that work is ongoing on a number of significant projects for which no payment has yet been made by virtue of the phasing of such projects. Such payments will, of course, be reflected within the actual spend levels of future statements.

4.4 The capital monitoring report presented to the same committee cycle in 2009/10 detailed the position as at 31 January 2010 – actual spend as a percentage of budget was 54.9% on a gross basis and 55.8% on a net basis at that time. This compares with the current position of 51.7% (gross) and 54.2% (net). A number of projects have been impacted by the recent bad weather and this has increased the expenditure slippage being reported. It will be necessary to closely monitor the position over the remaining two months to ensure expenditure stays on target.

4.5 Some brief commentary is included where appropriate within Appendix 1, however significant project specific issues are covered in more detail (where appropriate) at Section 5 of this report.

4.6 Given the reduction in net expenditure of £1.755m which is projected, the slippage allowance of £750,000 originally built into the programme has effectively been met and may now be removed. The projected net expenditure of £11.860m reflected in Table 2 will be indicatively funded from the following sources (the original budget figures are shown in italics for information purposes):

<table>
<thead>
<tr>
<th></th>
<th>Latest Projection</th>
<th>Original Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected net expenditure</td>
<td>11,860</td>
<td>13,615</td>
</tr>
<tr>
<td>Less: Assumed slippage allowance (updated)</td>
<td>-</td>
<td>(750)</td>
</tr>
<tr>
<td>Net expenditure to be funded</td>
<td>11,860</td>
<td>12,865</td>
</tr>
</tbody>
</table>

- Borrowing: 5,439 (7,281)
- General capital grant (balance): 4,120 (3,484)
- Corporate capital receipts: 1,601 (1,400)
- Agreed contribution from General Fund revenue budget: 700
- Total funding: 11,860 (12,865)

4.7 It will be noted from the above that due to the slipped expenditure and slightly higher projected capital receipts there is anticipated to be a lower borrowing need in 2010/11. The element of this lower borrowing which is related to slipped expenditure will accordingly need to be borrowed in 2011/12.

5 COMMENTARY ON SIGNIFICANT MONITORING ISSUES

5.1 Corporate Services

Finance – Efficiency Reform Fund
As noted in previous monitoring reports, this corporate budget of £91,000 has slipped into 2011/12. Some £60,000 has already been committed towards the Roads division’s Forfar salt storage facility (report 867/10 refers) however the construction of this is not anticipated to commence until June 2011. Use of the uncommitted balance of £31,000 is under consideration however it is unlikely to be expended in the current financial year.

Information Technology
A gross underspend of £39,000 is projected for the IT division’s capital programme, an increase of £12,000 from the position previously reported. This is made up of a number of under and overspends, including:

- projected slippage on the Corporate Information Portal (£47,000) which has arisen due to changes in governance arrangements. The Customer Services Programme Board now has accountability for determining priorities for development and the type of operational functionality requiring the introduction of enterprise Client Access Licences will not feature in financial year 2010/11.
- An underspend of £15,000 on Angus Net Replacement (Phase 1). This project is now confirmed as being fully complete with no further expenditure anticipated. The negative outturn simply reflects an over accrual of expenditure incurred in a previous financial year.
- Whilst report 764/10 approved the upgrade of broadband provision at Tannadice and Newtyle Primary Schools, the outturn on Angus Net Replacement Phase 2 has actually decreased £7,000 from £27,000 to £15,000 due to installation delays.

Law & Administration
The Law & Administration division have a gross expenditure budget of £64,000 for the purchase of a printing press (£45,000) and a plate setter (£19,000), both of which are being funded from the Print & Design Unit Renewal & Repair Fund. Expenditure on both items of equipment has slipped into 2011/12 whilst the value of purchasing a second hand printing press compared with that of a new one is investigated, along with any potential procurement issues associated with purchasing from the secondary market.

Property
As noted in previous capital monitoring reports, the Property division’s monitoring statement as at 31 January 2011 reflects a net income position, rather than net expenditure, due to the capital receipt received early in the financial year for St James House. The total capital receipt received was £1.510m (excluding £300,000 which is dependent upon ground conditions), however some £602,000 of this receipt is ring-fenced against the Angus House construction project in Property’s capital programme and is therefore specifically detailed against this project within the monitoring statement. The balance of the receipt income (£908,000) is included within the £1.601m corporate capital receipts reflected under paragraph 4.6 and is being used to fund the overall 2010/11 capital programme.

Elsewhere within Property’s capital programme, whilst over / underspends have arisen on a small number of projects, these are relatively minor in nature and result in an overall net underspend of some £16,000 when comparing outturn against budget.

5.2 Education
Contribution Towards Kingspark Primary School, Dundee
The contribution in respect of the Kingspark Primary School project (led by Dundee City Council) is currently estimating an underspend of £100,000. The original budgeted contribution of £1.1m was based on an upper price limit. However the contractors have completed the project for less than this limit and this reduction has been fed through into the contribution due by Angus Council. The total gross cost of the project will not be fully finalised until the final account is settled and an exercise will then be undertaken to analyse a detailed breakdown of costs during the 2011/12 financial year. This exercise may have an impact on the overall contribution that Angus Council is required to make.

Ring Fenced Capital Receipts from the Disposal of Assets
The Education department’s 2010/11 capital programme is budgeted to be funded from a number of ring-fenced capital receipts, namely from the sales of:

- former nursery at Seaview Primary School (£500,000)
- former nursery at Maisondieu Primary School (£150,000)
- Wellbrae Primary School (£280,000)
- Lintrathen / Glen Isla / Kilrøy Primary Schools (£200,000).

With the exception of the former nursery at Seaview Primary School, these capital receipts are unlikely to be achieved in the current financial year and have therefore slipped into 2011/12. This has increased estimated net expenditure by some £630,000 when compared with the 2010/11 monitoring budget. However it should be noted that a corresponding underspend will be achieved once the surplus assets are sold and on the basis that the estimated level of receipts are realised.

With regard to the former nursery at Seaview Primary School, it is anticipated that the sale will be concluded in March 2011. It should be noted however that the exact timing of asset sales can be difficult to predict therefore there is the risk that this receipt may also ultimately slip into 2011/12.
5.3 **Infrastructure Services**

**Economic Development and Environmental & Consumer Protection**

The reported slippage of £597,000 gross (£186,000 on a net basis) has arisen in the main due to:

- **Tourism Projects** – delay to the upgrade of the Angus Ahead Portal (this project will be taken forward in conjunction with a similar upgrade to the ‘angus.gov’ website) and putting on hold the tendering process for tourism pedestrian signage has resulted in slippage of £56,000.
- **Provision of Services to Employment Land, Forties Road Extension** – whilst the contractor has been appointed for this project, the need to remove bunded topsoil from part of the development site, coupled with poor weather conditions, has led to a delay and subsequent slippage of £120,000.
- **Brechin Town Centre Regeneration** – additional work associated with meeting unforeseen requirements from Historic Scotland and the need for additional structural repairs have increased the overall estimated cost of 2 Market Street by £100,000, albeit this has attracted 100% Scottish Government capital grant. This has also delayed the project, resulting in slippage of circa £204,000. Delays have also been experienced on 45/49 High Street, including ongoing negotiations with Historic Scotland, resulting in slippage of £40,000 into 2011/12. It should also be noted that no further regeneration projects are being pursued and the uncommitted balance of grant funding (£813,000) has now been withdrawn by the Scottish Government.
- **Remediation of Contaminated Land** – net slippage totalling £41,000 has arisen on this block heading across a number of projects. Whilst the total cost of the Rural Landfill Sites (Phase 2) has increased by £17,000 in the current financial year, this has been offset by procurement and final cost savings on the Housing Areas and Dowrie Works of £14,000 and £30,000 respectively. With regard to the smaller remediation projects, the contract has only recently been let resulting in some spend slipping into 2011/12 (£14,000).

**Planning & Transport – Montrose to Arbroath to Dundee Quality Bus Corridor**

As reported previously, projected expenditure on this project has increased by £50,000 following the approval of an equivalent level of funding contribution from the Tayside and Central Scotland Transport Partnership (TACTRAN). Despite notification of this funding coming relatively late in the financial year, the division does not anticipate any difficulty in achieving full spend in this regard.

**Planning & Transport – Brechin Townscape Heritage Initiative – Memoranda Note**

The projected spend by the City of Brechin Townscape Heritage Initiative has been reduced by £362,000 (it should be noted that this expenditure is classified as non enhancing and is therefore not reflected within Tables 1 and 2). Grants of £11,000 towards Angus Council’s projects were delayed pending clarification of spend through the Brechin Town Centre Regeneration fund. These projects are now programmed to commence early in 2011/12. The remaining slippage is attributable to grants to third parties being delayed to early 2011. For the majority of these grants, the works have confirmed start dates before the end of the current financial year.

**Roads – A92 Dundee to Arbroath Upgrading**

As reported in the previous monitoring report the land assembly costs which remain to be settled, and for which a significant accrual has already been taken into the Roads division’s annual accounts, are now anticipated to be significantly lower than the balance of the accrual which is there to offset them. An accounting adjustment will therefore be required as part of the 2010/11 annual accounts process to correct this position. Whilst no change has been made to the projected outturn of the A92 project on the attached monitoring statement to reflect this accounting adjustment (the exact adjustment to be made will not be known until the year end), the matter is being highlighted through the monitoring report as it will result in what will appear to be a potentially significant underspend on the project in the current financial year. As noted, it will not be possible to calculate the actual value of any adjustment until the year end process is undertaken, however for indicative purposes only at this time it is considered that the adjustment will be in the region of £100,000. This is provisionally earmarked to contribute towards the funding of the Roads winter maintenance revenue budget overspend.
Roads – Carriageway and Footway Reconstruction / Supplementary Budget Allocation / CFCR

A potential gross underspend of some £500,000 has been anticipated due to slippage in carriageway / footway reconstruction (£250,000) and roads infrastructure supplementary budget allocation (£250,000) in the current financial year. This has arisen due to a combination of the recent severe weather conditions causing a delay in the programme of works, as well as issues regarding contractors work capacity. While it may have been possible to recover part of this slippage in the current financial year this option has not been pursued given the significant budget pressures on winter maintenance and associated repair work. It is proposed to use this slippage to partially offset the projected Roads winter maintenance revenue budget issue. On a net basis however this underspend across these projects is zero as CFCR (£500,000) has been redirected to the division’s revenue budget. Given the vagaries of the weather there is a risk of further slippage on the Roads capital programme. It may also be necessary to make some further adjustments to the Roads capital budget to part compensate for the projected overspend on winter maintenance.

Further updates, particularly with regard to the impact the severe weather is having on the wider capital and revenue budgets will be reported through future monitoring statements.

Roads – General

With regard to the wider Roads capital programme, expenditure has slipped by a further £456,000 on both a gross and net basis when compared with the position reported in the last capital monitoring statement. This further slippage is due to a combination of factors, including:

- Road Structure Repairs / Strengthening – the previously reported underspend against budget of £77,000 will now be fully spent following the recent award of an additional contract.
- Lighting Upgrades / Replacements - slippage of £80,000 is anticipated due to recent weather conditions as well as contractor capacity.
- Traffic Calming / Road Safety – expenditure of some £20,000 is anticipated to slip into 2011/12
- A935 Brechin to Montrose / A92 Arbroath to Northwater Bridge – Route Action Plans - slippage of £61,000 and £93,000 is anticipated on the A935 and A92 RAPs respectively due to the timing of land acquisition payments.
- Brothock Burn FPS Upgrade – slippage of £74,000 is anticipated due to a delay in the commissioning of consultancy work until 2011/12.
- Victoria Park and West Links, Arbroath – Seawall - slippage of £180,000 is anticipated due to the requisite planning permission not yet being secured.
- A923 Birkhill to Lundie RAP – expenditure of £20,000 is anticipated to slip into 2011/12.

5.4 Neighbourhood Services

Cultural Services – Year Of The Light

The works associated with this project are split into 3 distinct areas, the timescales for which were always going to be challenging – external services and landscaping works in the courtyard, internal refurbishment works and the museum / display fit-out. It is the museum / display fit out which is, in value terms, the largest element of the project, however it is the element which must be completed last and within the shortest timescale.

The internal refurbishment works are now complete and the building has been handed back to the Cultural Services division to allow the display fit-out to commence. Whilst the procurement process for this element of the project is currently ongoing, much of the associated expenditure will not be incurred until 2011/12 and slippage of £244,000 on a gross basis is anticipated.

Allowing for the delay, the Signal Tower Museum is due to reopen by the end of May 2011. Year of Light events have been organised throughout 2011 and the reopening of the museum will complement those taking place from the end of May onwards.

As this project is funded in the main from a one-off revenue budget contribution (as agreed through the 2010/11 budget process), a 100% budget carry forward request has been approved for the unused resources to be carried forward into 2011/12 in order to meet the slipped expenditure (report 75/11 refers).
Environmental Management
The reported slippage of £838,000 on a net basis (£200,000 on a gross basis) has, as noted previously, arisen as in the main due to:

- **Ground Maintenance Machinery Replacement Programme** – a review of the replacement programme has identified significant investment needs over the coming years. The identification of additional funding in the current financial year has enabled borrowing resources to be reallocated to 2011/12, thereby allowing a slightly increased replacement programme to be undertaken in that year. The impact of this is an underspend in the current year of £63,000 on a net basis.
- **Waste Vehicle Replacement Programme** – this programme has been reviewed during the 2011/12 budget preparation process in order to smooth out the capital financing cost impact on the division’s revenue budget of the associated borrowing. The procurement timescale of a number of vehicles over the next 4 to 5 years has been revised, including slipping 3 refuse collection vehicles from 2010/11 to 2011/12 (£318,000 slippage).
- **General Vehicle Replacement Programme 2010/11** – the purchase of 2 replacement mobile library vans has been delayed (estimated cost £180,000) pending the outcome of the rural service provision consultation and a number of other vehicles have been reprofiled as part of the capital financing cost exercise (£103,000).
- **Brechin / Forfar Depots** – Provision of Welfare and Drying Facilities – this project has been delayed pending the outcome of the ongoing joint depots review (£113,000 net slippage).
- **Provision of Powered Spray Vehicle Wash at Restenneth Landfill Site** - procurement issues have necessitated the slipping of this project into 2011/12. The Council did not receive any tenders for the supply and installation of the equipment, but having assessed its options in this regard the department re-advertised for this equipment and are now assessing a number of returned tenders (£52,000 slippage).
- **Creation of Hardstanding Area at Restenneth Landfill Site** – report 25/11 approved the creation of a further hardstanding area at Restenneth Landfill Site to support the green waste recycling initiative. Estimated to cost some £530,000 on a gross basis (split £450,000 and £80,000 over 2010/11 and 2011/12 respectively), this will be funded in full from the Strategic Waste Fund (via CFCR). The progress made on this project in the current financial year will be largely dependent upon the weather and any further update to this position will be reported through future capital monitoring statements.

Leisure Services – Montrose Swimming Pool – Replacement / Decant Leisure Facilities
The net position on the Montrose Swimming Pool project has changed significantly from that last reported due to the application of £620,000 SportScotland grant funding in the current financial year. Whilst the majority of the expenditure on the pool replacement project is anticipated to be incurred in 2011/12, SportScotland has requested an early release of the funds and the full £1m will now be awarded to the council in 2010/11. The £380,000 balance of grant funding will be carried forward to 2011/12.

Gross expenditure remains unchanged in 2010/11 from the outturn position previously reported, however net expenditure has reduced from £620,000 to zero following the application of the grant funding.

Other Housing – Private Sector Housing Grant (PSHG) – Memoranda Note
A gross underspend of some £288,000 is anticipated, based on the current throughput of referrals from various third parties whose responsibility it is to procure and progress the works. This underspend has increased from the £119,000 reported through the last capital monitoring statement due to the latest work programme and grant drawdown indications, but it should be noted that estimating an accurate year end outturn figure is difficult due to the lack of direct control that the Council can exercise over the actual delivery of the works and subsequent grant claim submissions.

PSHG is funded from Scottish Government capital grant. As this grant must be used in full in the financial year in which it is provided, the unspent grant will, as permitted within the grant conditions, be used to fund the overall General Fund capital programme, thereby reducing the level of borrowing required.
It should be noted that this expenditure is classified as non enhancing and is therefore not reflected within Tables 1 and 2.

5.5 Social Work & Health

Kinloch Care Centre & Supported Housing

An overspend of £99,000 has been previously reported on this project due to the rephasing of funding from the Housing division. Whilst gross expenditure remains in line with the set monitoring budget, in order to mirror the expenditure pattern the 2010/11 Housing contribution has been reduced. It should be noted that a corresponding increase of £99,000 has been made to Housing’s contribution towards the project in 2011/12. The total gross and net cost of this project has been updated to reflect the outcome of the recent tendering exercise - this has very little impact on the levels of expenditure anticipated to be incurred and funding received in 2010/11.

6 CAPITAL PROJECTS MONITORING GROUP

6.1 The last meeting of the Capital Projects Monitoring Group (CPMG) took place on 3 February 2011, the main focus being the projected outturns for the year. Should members wish to see the full minute of CPMG meetings, these are available from the Committee Services section of Law & Administration.

6.2 The next meeting of the CPMG is scheduled to take place on Thursday 17 March 2011.

7 FINANCIAL IMPLICATIONS

7.1 The financial implications for the Council arising from this report are as detailed in the body of the report. Any future variances of projected spend against available budget will be subject to ongoing review and the need for corrective action will be raised with the appropriate Chief Officer where considered appropriate.

8 HUMAN RIGHTS IMPLICATIONS

8.1 There are no human rights implications arising as a result of this report.

9 EQUALITIES IMPLICATIONS

9.1 The issues dealt with in this report have been the subject of consideration from an equalities perspective (as required by legislation). An equalities impact assessment is not required.

10 CONSULTATION

10.1 The Chief Executive, Departmental Directors and Service Heads have been consulted in the preparation of this report.

11 CONCLUSION

11.1 At this stage in the financial year the latest year end estimate of gross expenditure is £2.225m below the 2010/11 gross capital monitoring budget, and £1.755m under on a net basis.

11.2 It should be noted that as part of the budget process for 2010/11 and beyond it is intended that the Capital Budget Sub Group will continue to review the position on the General Fund Capital Programme and address issues relating to the projected 2010/11 spend position, slippage on projects and the overall resources potentially available for 2010/11.

COLIN McMAHON
DIRECTOR OF CORPORATE SERVICES
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.

Finance / IL / DJ