

ANGUS COUNCIL

CORPORATE SERVICES COMMITTEE – 3 SEPTEMBER 2009
STRATEGIC POLICY COMMITTEE – 8 SEPTEMBER 2009

CAPITAL MONITORING – GENERAL FUND CAPITAL PROGRAMME – 2009/10

REPORT BY THE DIRECTOR OF CORPORATE SERVICES

ABSTRACT

This report appraises members of the capital expenditure incurred for the period from 1 April 2009 to 31 July 2009 and measures projected capital expenditure for the year against budgeted provision for the year.

1 RECOMMENDATION

- 1.1 It is recommended that the Committees note for their respective interest:
- i. the expenditure position on the General Fund Capital Programme as at 31 July 2009 as per Tables 1 and 2 below and the accompanying Capital Monitoring Statement ([Appendix 1](#));
 - ii. that projections of the 2009/10 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 8 September 2009.

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 contributions from general fund balances.

3 CAPITAL BUDGET

- 3.1 The Council's special budget meetings took place on 19 February 2009 at which the provisional 2009/10 capital budget was approved. Following the conclusion of the 2008/09 draft final accounts exercise and in full consultation with departments, the provisional 2009/10 capital budget was reviewed and revised to take account of 2008/09 under and over spends with carry forward implications for 2009/10. This review produced an updated 2008/2012 Financial Plan (report 626/09 on this agenda refers), which includes the capital monitoring budget for 2009/10, and this will be reflected in the forthcoming 2009/10 Final Capital Budget Volume. The provisional budget has also been amended to reflect the structure changes arising from the Best Value Review of Waste Management. It should be noted that a slippage allowance of £750,000 has also been built into the capital programme as part of the 2009/10 budget setting process.
- 3.2 The Committee is asked to note that the 2009/10 capital monitoring budget will not be revised during the year. The 2009/10 gross and net budgets detailed in Tables 1 and 2 below, and **Appendix 1**, will be 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 position on the overall General Fund Capital Programme for 2009/10 as at 31 July 2009 on a gross and net (after the deduction of funding contributions) basis respectively.
- 4.2 Appendix 1 gives further detail in respect of the 2009/10 position of all capital projects to be undertaken during the year. (It should be noted that for future monitoring reports, **Appendix 1** will only detail those projects which have a gross expenditure budget in excess of £50,000, or by exception where considered appropriate. A more detailed monitoring statement covering all General Fund projects will however be made available in the Members' Lounge.)

Table 1 - GROSS Capital Expenditure

Programme	Gross Budget	Actual To 31 Jul 09	Actual Against Budget	Latest Year End Estimate	Projected Over / (Under) Spend
	£,000	£,000	%	£,000	£,000
Corporate Services					
Information Technology	1,150	67	5.8	1,150	0
Law & Administration (Print & Design Unit)	20	0	0.0	20	0
Property	2,780	206	7.4	2,780	0
Education	7,280	1,334	18.3	7,280	0
Infrastructure Services					
Directorate	1	0	0.0	1	0
Economic Development and Environment & Consumer Protection	1,005	9	0.9	1,005	0
Planning and Transport	1,208	2	0.2	1,208	0
Roads	9,748	1,127	11.6	9,748	0
Neighbourhood Services					
Headquarters	23	0	0.0	23	0
Cultural Services	170	104	61.2	170	0
Environmental Management	2,587	366	14.1	2,587	0
Leisure Services	491	34	6.9	491	0
Other Housing	17	0	0.0	17	0
Social Work and Health	367	12	3.3	367	0
Gross Totals	26,847	3,261	12.1	26,847	0

Table 2 - NET Capital Expenditure

Programme	Net Budget	Actual To 31 Jul 09	Actual Against Budget	Latest Year End Estimate	Projected Over / (Under) Spend
	£,000	£,000	%	£,000	£,000
Corporate Services					
Information Technology	0	0	0.0	0	0
Law & Administration (Print & Design Unit)	0	0	0.0	0	0
Property	2,608	173	6.6	2,608	0
Education	4,818	1,054	21.9	4,818	0
Infrastructure Services					
Directorate	0	0	0	0	0
Economic Development and Environment and Consumer Protection	1,005	9	0.9	1,005	0
Planning and Transport	393	0	0.0	393	0
Roads	7,328	961	13.1	7,328	0
Neighbourhood Services					
Headquarters	0	0	0.0	0	0
Cultural Services	0	0	0.0	0	0
Environmental Management	1,333	283	21.2	1,333	0
Leisure Services	312	21	6.7	312	0
Other Housing	0	0	0.0	0	0
Social Work and Health	78	12	15.4	78	0
Net Totals	17,875	2,513	14.1	17,875	0

- 4.3 Members will note that with four months of the financial year gone the expenditure levels shown in Tables 1 and 2 could be considered 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 2008/09 detailed the position as at 31 July 2008 – actual spend as a percentage of budget was 20% on both a gross and net basis at that time. This is higher than the current position of 12.1% and 14.1% on a gross and net basis respectively and it will be necessary to closely monitor the position over the coming months to ensure this trend does not continue.
- 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 After allowing for anticipated slippage in the capital programme (£750,000), the projected net expenditure of £17.875m reflected in Table 2 will be indicatively funded from the following sources:

	<u>£,000</u>
Projected net expenditure	17,875
Less: Assumed slippage allowance	<u>(750)</u>
Net expenditure to be funded	<u>17,125</u>
Borrowing	7,090
General capital grant	8,435
Corporate capital receipts	600
Agreed contribution from General Fund balances	<u>1,000</u>
Total funding	<u>17,125</u>

5 COMMENTARY ON SIGNIFICANT MONITORING ISSUES

- 5.1 The 2009/10 monitoring budget has been set broadly in line with the latest estimates for the year and as such there are no significant variances between budget and actual to report at present.

6 CAPITAL PROJECTS MONITORING GROUP

- 6.1 The last meeting of the Capital Projects Monitoring Group (CPMG) took place on 16 June 2009, the main focus being to wrap up the 2008/09 financial year. It was noted by the Group that whilst slippage had greatly improved, departments must continue to endeavour to reduce any risk elements during 2009/10 and future financial years.
- 6.2 Should members wish to see the full minute of CPMG meetings, these are available from the Committee Services section of Law & Administration.
- 6.3 An officers only CPMG took place on Tuesday 25 August 2009 to discuss the achievability of the 2009/10 capital monitoring budgets put forward by departments / divisions. The first meeting of the full CPMG for the 2009/10 financial year is scheduled to take place on Tuesday 8 September 2009.

7 FINANCIAL IMPLICATIONS

- 7.1 The financial implications for the Council arising from this report are as detailed in the body of the report. The variances of projected spend against available budget are 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 early stage in the financial year the latest year end estimate of both gross and net expenditure are in line with the budgets of £26.847m and £17.875m respectively.

11.2 It should be noted that as part of the budget process for 2009/10 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 2009/10 spend position, slippage on projects and the overall resources potentially available for 2009/10.

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.