

Item: 5

Policy and Resources Committee: 20 February 2018.

Capital Expenditure Monitoring.

Report by Head of Finance.

1. Purpose of Report

To advise of progress, as at 31 December 2017, of projects within the approved capital programmes.

2. Recommendations

The Committee is invited to note:

The capital expenditure monitoring statements, in respect of General Fund and Non-General Fund projects and programmes, for the period 1 April to 31 December 2017, attached as Appendix 1 to this report.

3. Policy Aspects

This report relates to the Council complying with its governance and financial processes and procedures and therefore does not relate specifically to progressing the Council's priorities.

4. Financial Summary

4.1.

The tables below provide a summary of the re-profiled position as at 31 December 2017, across both General Fund and Non-General Fund capital programmes.

General Fund	Actual Spend £000	Annual Budget £000	Variance £000
Service Committee			
Orkney Health and Care	247	1,879	(1,632)
Education, Leisure and Housing	2,950	3,004	(54)
Development and Infrastructure	2,749	5,133	(2,384)
Policy and Resources	1,900	3,346	(1,446)
Expenditure Totals	7,846	13,362	(5,516)

Non-General Fund	Actual Spend £000	Annual Budget £000	Variance £000
Service Committee			
Education, Leisure and Housing	80	626	(574)
Development and Infrastructure	904	2,010	(1,106)
Expenditure Totals	(984)	2,650	(1,666)

4.2.

Appendix 1 advises of progress on each project. The accompanying notes have been prepared jointly with Service project leads and indicate the current status of the projects and are intended to highlight whether there are any budget or timescale issues with the projects.

4.3.

The existing five year capital programmes, in respect of both the General Fund and Non-General Fund, have been re-profiled in order to reflect current timescales for completion of individual projects. This exercise has resulted in £7,523,000 being re-profiled from financial year 2017 to 2018 to the following financial year and onwards. Appendix 1 shows the original annual budget for financial year 2017 to 2018 of £23,535,000 and the revised budget of £16,012,000.

4.4.

In addition to the re-profiling that has taken place, the Services have provided estimates of how much they anticipate will be spent by 31 March 2018 and on full completion of the project, as detailed in Appendix 1, under the headings of Estimated Spend and Estimated Out-turn respectively. This indicates a potential underspend of £681,000 as at 31 March 2018 and £349,000 on completion of the projects.

4.5.

It is notable that steps have been taken to improve delivery of the capital programme going forward, including for example programme oversight and development of a project management approach. Work to improve monitoring and reporting procedures also remains ongoing, including a review of the Capital Project Appraisal process which sits in front of the capital programme.

5. Financial Implications

5.1.

Approval by the Council of the Capital Programme constitutes approval of the individual projects or provisions contained therein.

5.2.

Any requests to incur expenditure outwith the provisions included in the approved capital programme shall be reported to the Policy and Resources Committee for approval, prior to any commitment being made.

5.3.

The Chief Executive and Executive Directors cannot exercise virements within the Capital Programme, except in exceptional circumstances and only after consultation with the Head of Finance. The action taken and reasons for such virement must be reported to the next meeting of the Policy and Resources Committee.

5.4.

Where no contractual commitment exists or will be made in the current or previous financial years for an approved capital project, the relevant programme provision(s) may be redeployed by the Policy and Resources Committee.

5.5.

If the net cost is likely to exceed the approved capital programme the shortfall must be reported to the next meeting of the appropriate Service Committee before the project is reconsidered by the Policy and Resources Committee, where additional budget can be allocated or the existing provision redeployed.

6. Legal Aspects

Financial monitoring and reporting helps the Council meet its statutory obligation to secure best value.

7. Contact Officers

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8. Appendix

Appendix 1: Capital Expenditure Monitoring as at 31 December 2017.