
Report To:	Policy & Resources Committee	Date:	13 September 2022
Report By:	Interim Director Finance & Corporate Governance	Report No:	FIN/55/22/AP/MT
Contact Officer:	Matt Thomson	Contact No:	01475 712256
Subject:	Policy & Resources Capital Budget and 2022/25 Capital Programme		

1.0 PURPOSE AND SUMMARY

- 1.1 For Decision For Information/Noting
- 1.2 The purpose of the report is to provide Committee with the latest position of the Policy & Resources Capital Programme and the 2022/25 Capital Programme.
- 1.3 This report advises the Committee in respect of the progress of the projects within the Policy & Resources Capital Programme, the Committee's capital budget over 2022/25 is £2.552m with total projected spend on budget. The Committee is projecting to spend £0.743m in 2022/23 after advancement of £0.200m (36.83%).
- 1.4 In overall terms the 2022/25 Capital Programme budget is £80.687m and is currently projected to be on budget. In the current year net slippage of £0.066m, 0.29% is being reported with expenditure at 30 June being £1.859m (8.3% of projected spend).

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee notes the current position of the 2022/25 Policy & Resources Capital Budget.
- 2.2 It is recommended that Committee note the current position of the 2022/25 Capital Programme.
- 2.3 It is recommended that the Committee notes the ongoing pressure being experienced with regards to the cost/availability of materials and the impact this continues to have on the delivery of the 2022/25 Capital Programme.

Alan Puckrin
Interim Director Finance & Corporate Governance

3.0 BACKGROUND AND CONTEXT

- 3.1 On 24 February 2022 the Council approved the 2022/25 Capital Programme as part of the overall Budget approval. This report shows the current position of the approved Policy & Resources Capital Programme as well as the position of the overall 2022/25 Capital Programme.

2022/25 Policy & Resources Capital Position

- 3.2 The Policy & Resources capital budget is £2.552m. The current projection is £2.552m which means total projected spend is on budget. The balance in the Covid Cost Pressure Budget is £325,000.
- 3.3 The budget for 2022/23 is £0.543m and the Committee is projecting to spend £0.743m in 2022/23, advancement of £0.200m (36.83%) relating mainly to the Server & Switch Replacement Programme and Rolling Replacement of PC's
- 3.4 PC Refresh Programme – In conjunction with the Smartboard Refresh Programme, completed by Property Services as part of the SEMP, ICT have completed the first phase of the PC Refresh Programme by replacing 631 Whiteboard/Teacher Desktop PCs with laptops. This work was scheduled to be completed over the summer break. Phase 2 will replace/upgrade the 620 desktop PCs in the Secondary Computer Suites. This will be scheduled during the term time, working with Education HQ and the schools to ensure minimal disruption within the classroom and provide a realistic timeline for completion.
- 3.5 Server and Switch Replacement – An implementation programme to replace and expand the Corporate Network Storage system has been scoped and an order placed with suppliers to provide the services. Deployment of core services in support of Office 365 and replacement of Virtual Server Estate. Infill of the School and Corporate Wireless network following availability and coverage surveys completed by ICT.
- 3.6 ICT & Digital Strategies – As part of New Ways of Working a programme to identify systems and services to support Hybrid Meetings. A small ongoing refresh of headsets and other equipment to enable home working has been established. Equipment for use in hybrid meeting rooms, breakout and working areas are being evaluated as part of the New Ways of Working programme.

2022/25 Capital Programme

- 3.7 The Capital Programme reflects the confirmed 2022/23 capital grant. While the Scottish Government are advising that national grant allocations are likely to remain at the same level until 2026/27, changes to allocation methods are likely to reduce the grant to Inverclyde Council and as a result estimated capital grant allocations for 2023/24 and 2024/25 have been reduced to £6.0m per year.
- 3.8 An over provision of projects against estimated resources of up to 5% is considered acceptable to allow for increased resources and/or cost reductions. Currently the Capital Programme is reporting a deficit of £2.700m which represents 4.17% of the 2022/25 resources and is therefore within acceptable limits.
- 3.9 In terms of the overall Capital Programme it can be seen from Appendix 2 that as at 30 June 2022 expenditure in 2022/23 was 8.3% of projected spend. Phasing and projected spend has been reviewed by the budget holders and the relevant Director. The position in respect of each individual Committee is reported in Appendix 2 and in paragraph 3.12 of this report. Overall Committees are projecting to outturn on budget.

3.11 In the current year net slippage of £0.066m, (0.29%) is currently being reported. This is due to slippage within the Environment & Regeneration Committee (£0.133m) and Education & Communities Committee (£0.133m) offset by advancement within the Policy & Resources Committee (£0.200m).

3.12 The position in respect of individual Committees for 2022/23 is as follows:

Policy & Resources

Expenditure as at 30 June 2022 is £0.102m against an approved budget of £0.543m.

Advancement of £0.200m (36.83%) is being reported at this stage within the Server and Switch Replacement Programme and Rolling Replacement of PC's.

Environment & Regeneration

Expenditure as at 30 June 2022 is £1.081m against an approved budget of £16.343m. Net slippage of £0.133m (0.81%) is being reported mainly due to slippage within the Port Glasgow Town Centre Regeneration (£0.428m) offset by advancement within the RAMP (£0.145m) and Scheme of Assistance (£0.100m).

Education & Communities

Expenditure as at 30 June 2022 is £0.642m against an approved budget of £4.270m. Net slippage of £0.133m (3.11%) is being reported mainly due to slippage in the Waterfront Leisure Centre Moveable Pool Floor (£0.340m) and PG New Community Hub (£0.157m) offset by advancement of Lady Alice Bowling Club (£0.130m) and Leisure Pitches (£0.231m).

Health & Social Care

Expenditure as at 30 June is £0.034m against an approved budget of £1.346m. No slippage is being reported.

Material Shortages/Price Increases & the 2022/25 Capital Programme

3.13 The UK exit from the EU, the impact of COVID, increased global demand for materials and most recently the impact of the conflict in Ukraine continue to have a significant impact on the delivery of the capital programme. This has been seen in recent tender exercises and is predicted to continue in the short to medium term with the following issues likely to be faced:

- Material availability issues will potentially extend lead-in/pre-site periods and/or site programmes.
- Price volatility may lead to contractors being reluctant to hold tenders open for the normal (120 day) period currently included in the majority of Council tenders.
- Although the market generally remains keen, there may be a move towards more selective tendering and lower number of tenders returned.
- Tender prices are likely to increase to reflect the rising cost of materials and future uncertainty/risk.
- For larger/longer term projects in particular Contractors may struggle to secure pricing from supply chain partners without inflated risk and additional contract protections.

3.14 The above issues will inevitably lead to both cost pressures and project delays and it is important Members consider this when reviewing project updates. It is likely 2022/23 will be another challenging year for delivery of the capital programme and while officers will endeavour to advance projects where possible to mitigate slippage it will be challenging to contain slippage within the 10% threshold.

4.0 PROPOSALS

- 4.1 The Committee is asked to note the progress on the Policy & Resources Capital Programme and the position of the 2022/25 Capital Programme.

5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed:

SUBJECT	YES	NO	N/A
Financial		X	
Legal/Risk	X		
Human Resources		X	
Strategic (LOIP/Corporate Plan)		X	
Equalities & Fairer Scotland Duty			X
Children & Young People's Rights & Wellbeing			X
Environmental & Sustainability			X
Data Protection			X

5.2 Finance

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

5.3 Legal/Risk

The approved Governance documents set out the roles and responsibilities of Committees and officers in ensuring budgets are not overspent and the process to be followed in the event an overspend is unavoidable.

5.4 Human Resources

There are no HR implications arising from this report.

5.5 Strategic

There are no Strategic implications arising from this report.

6.0 CONSULTATION

6.1 This report has been prepared based on updates to the relevant Strategic Committees.

7.0 BACKGROUND PAPERS

7.1 None.

COMMITTEE: POLICY & RESOURCES

Project Name	1	2	3	4	5	6	7	8
	<u>Est Total Cost</u>	<u>Actual to 31/3/22</u>	<u>Approved Budget 2022/23</u>	<u>Revised Est 2022/23</u>	<u>Actual to 31/07/22</u>	<u>Est 2023/24</u>	<u>Est 2024/25</u>	<u>Future Years</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<u>Environment, Regeneration & Resources</u>								
<u>ICT</u>								
Storage/Backup Devices/Minor Works and Projects	25		13	25	9	0	0	0
Rolling Replacement of PC's	442		73	442	22	0	0	0
Meeting Room, Videoconferencing & Hybrid Working Equipment	60	-	30	60		0	0	0
Server & Switch Replacement Programme	195		26	195	71	0	0	0
Home Working Allocation	25	15	10	10		0	0	0
Annual Allocation	1,357	-	380	0		764	593	0
<u>ICT Total</u>	2,104	15	532	732	102	764	593	0
<u>Finance</u>								
Modernisation Fund	123	112	11	11		0	0	0
Cost Pressure Contingency	325	-	0	0		325	0	0
<u>Finance Total</u>	448	112	11	11	0	325	0	0
TOTAL	2,552	127	543	743	102	1,089	593	0

Appendix 2a

Capital Programme - 2022/23 - 2024/25

Available Resources

	A	B	C	D	E
	2022/23	2023/24	2024/25	Future	Total
	£000	£000	£000	£000	£000
Government Capital Support	6,417	6,000	6,000	-	18,417
Capital Receipts (Note 1)	642	315	315	-	1,272
Capital Grants (Note 2)	4,492	3,090	-	-	7,582
Prudential Funded Projects (Note 3)	1,640	9,461	3,659	147	14,907
Balance B/F From 21/22	14,787	-	-	-	14,787
Capital Funded from Current Revenue	3,353	1,815	2,750	-	7,918
	<u>31,331</u>	<u>20,681</u>	<u>12,724</u>	<u>147</u>	<u>64,883</u>

Overall Position 2022/25

	<u>£000</u>
Available Resources (Appendix 2a, Column A-C)	64,736
Projection (Appendix 2b, Column B-D)	67,436
(Shortfall)/Under Utilisation of Resources	<u>(2,700)</u>
(Shortfall)/Under Utilisation of Resources %	<u>(4.17)%</u>

Notes to Appendix 2a

Note 1 (Capital Receipts)

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>Future</u>	<u>Total</u>
	£000	£000	£000	£000	£000
Sales	315	315	315	-	945
Contributions/Recoveries	327	-	-	-	327
	<u>642</u>	<u>315</u>	<u>315</u>	<u>-</u>	<u>1,272</u>

Note 2 (Capital Grants)

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>Future</u>	<u>Total</u>
	£000	£000	£000	£000	£000
Government Grant - Place Based Funding	584	-	-	-	584
Renewal of Play Parks	-	-	-	-	-
Cycling, Walking & Safer Streets	493	-	-	-	493
SPT	1,275	-	-	-	1,275
Road Safety Improvement Fund	116	-	-	-	116
Spaces for People	-	-	-	-	-
Nature Restoration Fund	160	-	-	-	160
CO2 Monitors in Schools	42	-	-	-	42
HES - Watt Complex	-	-	-	-	-
Electric Vehicles	13	-	-	-	13
Sustrans	-	2,100	-	-	2,100
Watt Complex Creativity Space	-	-	-	-	-
SFA Pitches	75	-	-	-	75
VDLIP - New Learning Disability Hub	-	990	-	-	990
RCGF - King George VI	1,734	-	-	-	1,734
	<u>4,492</u>	<u>3,090</u>	<u>-</u>	<u>-</u>	<u>7,582</u>

Note 3 (Prudentially Funded Projects)

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>Future</u>	<u>Total</u>
	£000	£000	£000	£000	£000
Vehicle Replacement Programme	719	964	964	-	2,647
Asset Management Plan - Depots	310	149	-	-	459
Capital Works on Former Tied Houses	3	150	60	147	360
CCTV	15	-	-	-	15
Clune Park Regeneration	276	-	-	-	276
Neil Street Childrens Home Replacement - CoS	13	-	-	-	13
Crosshill Childrens Home Replacement	192	50	-	-	242
New Learning Disability Facility	884	5,248	1,135	-	7,267
Interactive Whiteboard Replacement	28	-	-	-	28
Additional Prudential Borrowing to Fund Capital Programme	(1,000)	1,500	1,500	-	2,000
Additional Prudential Borrowing to meet anticipated Cost Pressures	200	1,400	-	-	1,600
	<u>1,640</u>	<u>9,461</u>	<u>3,659</u>	<u>147</u>	<u>14,907</u>

Capital Programme - 2022/23 - 2024/25

Agreed Projects

Committee	A Prior Years £000	B 2022/23 £000	C 2023/24 £000	D 2024/25 £000	E Future £000	F Total £000	G Approved Budget £000	H (Under)/ Over £000	I 2021/22 Spend To 30/6/2022 £000
Policy & Resources	127	743	1,089	593	-	2,552	2,552	-	102
Environment & Regeneration	7,134	16,210	17,921	6,989	147	48,401	48,401	-	1,081
School Estate	2,423	1,855	5,089	3,000	1,001	13,368	13,368	-	622
Education & Communities (Exc School Estate)	270	2,282	1,609	170	-	4,331	4,331	-	20
HSCP	2,149	1,346	5,298	3,242	-	12,035	12,035	-	34
Total	12,103	22,436	31,006	13,994	1,148	80,687	80,687	-	1,859