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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>21 November 2023</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/74/23/MT/GS</b>
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<b>Subject:</b>	<b>Policy &amp; Resources Capital Budget and Council 2023/26 Capital Programme</b>		

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## 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 2023/26 Capital Programme.
- 1.3 The report advises the Committee of the progress of the projects within the Policy & Resources Capital Programme which has a capital budget over 2023/26 of £4.607m with total projected spend on budget. The Committee is projecting to spend £0.735m in 2023/24 after advancement of £0.131m (21.69%).
- 1.4 The report advises the Committee of an agreement reached with the Scottish Government via COSLA to swap £2.0m of Revenue grant for £2.0m of Capital grant in 2023/24 and of proposals elsewhere in the agenda to reduce two recurring Capital allocations by £74,000 per year from 2024/25.
- 1.5 The overall 2023/26 Capital Programme budget is £66.897m with projects totalling £70.156m. This represents a £3.259m (4.87%) over allocation which is within the approved 5% tolerance. In the current year net slippage of £1.506m, 7.90% is being reported, a movement of £1.89 million since the last report largely arising from delays in the Learning Disability Community Hub procurement process. Expenditure at 30 September was £4.301m (22.39% of projected spend).

## 2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee note the current position of the 2023/26 Policy & Resources Capital Budget and the current position of the 2023/26 Capital Programme.
- 2.2 It is recommended that the Committee note that officers agreed via COSLA to swap £2.0 million of revenue grant for £2.0 million capital grant to free up revenue resources within the Scottish Government and this report and the Revenue Budget report reflect this action.
- 2.3 It is recommended that the Committee note that there is a proposal elsewhere in the agenda to reduce two recurring capital allocations by £74,000 per year from 2024/25 as part of the alignment of projects and resources in the medium term.

**Alan Puckrin**  
**Chief Financial Officer**

### **3.0 BACKGROUND AND CONTEXT**

- 3.1 On 2 March 2023 the Council approved the 2023/26 Capital Programme as part of the overall Budget approval factoring in additional funding to fund the shortfall in annual capital grant compared to the annual capital allocations. This report shows the current position of the approved Policy & Resources Capital Programme.
- 3.2 The Committee have been advised on a regular basis of the real term reductions in the capital resources received by the Council, increased contract cost and increasing maintenance demands on the asset base. This requires to be addressed over the medium term as part of the 2024/27 Capital Programme and there are proposals in the Budget Update report later on in the agenda to begin to address this matter.

#### **2023/26 Policy & Resources Capital Position**

- 3.3 The Policy & Resources capital budget is £4.607m. The current projection is £4.607m which means total projected spend is on budget.
- 3.4 The budget for 2023/24 is £0.604m and the Committee is projecting to spend £0.735m in 2023/24, advancement of £0.131m (21.69%) relating mainly to the 2023/26 Capital Programme Contingency. The spend as at 30 September is £0.105m (14.29%) of current projection.
- 3.5 PC Refresh Programme –The final tranche of the 2023/24 refresh, 118 PCs in School Management and Offices is now underway will be completed between now and the end of the year. It has been agreed with Education that this will be scheduled during term time, appointments have been scheduled with the teams to ensure minimal disruption within the schools and provide the fastest timeline for completion.
- 3.6 Server and Switch Replacement – The implementation programme to replace and expand the Corporate Network Storage system is complete. A server and system upgrade to the Council's telephony system was completed successfully in September 2023. This will allow refresh of all current systems to the latest version and will provide the foundation of any migrations to cloud based services in the future. Upgrade of core servers for a range of Council applications will utilise remaining resources from the ICT Capital Budget.
- 3.7 As part of the 2023/26 budget setting process £4m was allocated to a small existing contingency to meet potential cost increases, fund unforeseen projects and to protect core service delivery from unexpected fluctuations in costs. This budget will be allocated by this Committee following the receipt of relevant reports. To date £2,050,000 has been allocated by Committee leaving an unallocated balance of £2.081million.

#### **Overall 2023/26 Capital Programme**

- 3.8 The overall 2023/26 Capital Programme reflects the 2023/24 capital grant. The total grant for 2023/24 of £10.228m is significantly higher than previously estimated £6.0m. This includes the second year of the additional funding package for the Local Authority pay award (£1.872m), an increase in the grant for Coastal Protection (£0.150m), an increase in funding for Play Parks (£0.126m) as well as the £2.0m Revenue/Capital Grant swap, leaving a core grant of £6.079m. The estimated capital grant allocation for 2024/25 and 2025/26 remains £6.0m.
- 3.9 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 £3.259m which represents 4.87% of the 2023/26 resources.
- 3.10 In terms of the overall Capital Programme, it can be seen from Appendix 2 that as at 30 September 2023 expenditure in 2023/24 was 22.39% 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 £1.506m, (7.90%) is currently being reported, a movement of £1.889m in comparison to the previous reporting period which showed an advancement of £0.383m. This is due to slippage within Health and Social Care (£1.641m) offset with advancement within the Environment & Regeneration Committee (£0.004m) and Policy & Resources Committee (£0.131m).

3.12 The position in respect of individual Committees for 2023/24 is as follows:

Policy & Resources

Expenditure as at 30 September 2023 is £0.105m against an approved budget of £0.604m. Advancement of £0.131m (21.69%) is being reported at this stage within the Medium Term Capital Program Support (£0.131m).

Environment & Regeneration

Expenditure as at 30 September 2023 is £2.240m against an approved budget of £13.091m. Net advancement of £0.004m (0.03%) and is mainly due to slippage in Coastal Change Adaptions (£0.070m) and Place Based Funding (£0.400m) offset with advancements within Town & Village Centre projects (£0.051m) and the RAMP (£0.224m) and play Area Strategy (£0.126m) as well as other minor movements across the program.

Education & Communities

Expenditure as at 30 September 2023 is £1.820m against an approved budget of £2.713m. There is no net slippage to report within the Education & Communities budget to date this year.

Health & Social Care

Expenditure as at 30 September 2023 is £0.136m against an approved budget of £2.601m. Net slippage of £1.641m (63.09%), due to slippage within the Learning Disability Community Hub project (1.641m) caused by delays in receiving the full market testing information from contractors which has required a further period of due diligence.

3.13 2023/24 continues to be another challenging year for delivery of the capital program, officers will endeavour to advance projects when possible to mitigate slippage in an attempt to keep 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 2023/26 Capital Programme.

4.2 The Committee is asked to note that there are proposals elsewhere in the agenda to reduce two recurring capital allocations by £74,000 per year to help address the growing and unsustainable pressures on the medium-term 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
Financial		X
Legal/Risk	X	
Human Resources		X
Strategic (Partnership Plan/Council Plan)		X
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		X
Environmental & Sustainability		X

Data Protection		X
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## 5.2 Finance

Overall, the capital programme remains within parameters, but considerable pressures continue to exist and require to be considered as part of the forthcoming budget.

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 matters arising from this report.

## 5.5 Strategic

The overall Capital programme contains many projects which contribute to the strategic priorities of the Council. As a result, timeous delivery of projects remains a focus for officers.

## 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.

	1	2	3	4	5	6	7	8
Project Name	Est Total Cost	Actual to 31/3/23	Approved Budget 2023/24	Revised Est 2023/24	Actual to 30/09/2023	Est 2024/25	Est 2025/26	Future Years
	£000	£000	£000	£000	£000	£000	£000	£000
<b><u>Environment, Regeneration &amp; Resources</u></b>								
<b><u>ICT</u></b>								
Storage/Backup Devices/Minor Works and Projects	25	23	2	2	5	0	0	0
Rolling Replacement of PC's	493	418	24	75	73	0	0	0
Meeting Room, Videoconferencing & Hybrid Working Equipment	9	9	51	0	3	0	0	0
Server & Switch Replacement Programme	195	178	17	17	24	0	0	0
Home Working Allocation	25	15	10	10	0	0	0	0
Annual Allocation	1,779	-	500	500	0	635	644	0
<b><u>ICT Total</u></b>	<b>2,526</b>	<b>643</b>	<b>604</b>	<b>604</b>	<b>105</b>	<b>635</b>	<b>644</b>	<b>0</b>
<b><u>Finance</u></b>								
Medium Term Capital Program Support	2,081	-	0	131	0	0	1,950	0
Cost Pressure Contingency (added to Med Term Cap Prog Support)	0	-	0	0	0	0	0	0
<b><u>Finance Total</u></b>	<b>2,081</b>	<b>0</b>	<b>0</b>	<b>131</b>	<b>0</b>	<b>0</b>	<b>1,950</b>	<b>0</b>
<b>TOTAL</b>	<b>4,607</b>	<b>643</b>	<b>604</b>	<b>735</b>	<b>105</b>	<b>635</b>	<b>2,594</b>	<b>0</b>

Capital Programme - 2023/24 - 2025/26

Available Resources

	A	B	C	D	F
	2023/24	2024/25	2025/26	Future	Total
	£000	£000	£000	£000	£000
Government Capital Support	10,228	6,000	6,000	-	22,228
Capital Receipts (Note 1)	514	315	315	-	1,144
Capital Grants (Note 2)	4,558	-	-	-	4,558
Prudential Funded Projects (Note 3)	4,063	10,589	2,638	-	17,290
Balance B/F From 21/22	12,454	-	-	-	12,454
Capital Funded from Current Revenue	64	6,065	3,094	-	9,223
	<u>31,881</u>	<u>22,969</u>	<u>12,047</u>	<u>-</u>	<u>66,897</u>

Overall Position 2023/26

Available Resources (Appendix 2a, Column A-C)	<u>£000</u>
	66,897
Projection (Appendix 2b, Column B-D)	70,156
(Shortfall)/Under Utilisation of Resources	<u>(3,259)</u>
(Shortfall)/Under Utilisation of Resources %	<u>(4.87)%</u>

Notes to Appendix 2aNote 1 (Capital Receipts)

	2022/23	2023/24	2024/25	2025/26	Total
	£000	£000	£000	£000	£000
Sales	214	315	315	-	844
Contributions/Recoveries	300	-	-	-	300
	514	315	315	-	1,144

Note 2 (Capital Grants)

	2022/23	2023/24	2024/25	2025/26	Total
	£000	£000	£000	£000	£000
Government Grant - Place Based Funding	407	-	-	-	407
Renewal of Play Parks	126	-	-	-	126
Cycling, Walking & Safer Streets	520	-	-	-	520
SPT	790	-	-	-	790
Road Safety Improvement Fund	114	-	-	-	114
Nature Restoration Fund	306	-	-	-	306
Sustrans	2,295	-	-	-	2,295
	4,558	-	-	-	4,558

Note 3 (Prudentially Funded Projects)

	2022/23	2023/24	2024/25	2025/26	Total
	£000	£000	£000	£000	£000
Vehicle Replacement Programme	481	1,314	964	-	2,759
Borrowing in lieu of VRP Reduction	-	636	-	-	636
Asset Management Plan - Depots	36	249	-	-	285
Capital Works on Former Tied Houses	524	6	-	-	530
Clune Park Regeneration	(638)	750	-	-	112
New Learning Disability Facility	760	6,134	174	-	7,068
Additional Prudential Borrowing to Fund Capital Programme	1,500	1,500	1,500	-	4,500
Additional Prudential Borrowing to meet anticipated Cost Pressures	1,400	-	-	-	1,400
	4,063	10,589	2,638	-	17,290

Capital Programme - 2022/23 - 2025/26Agreed Projects

Committee	A Prior Years £000	B 2023/24 £000	C 2024/25 £000	D 2025/26 £000	E Future £000	F Total £000	G Approved Budget £000	H (Under)/ Over £000	I 2023/24 Spend To 30/09/2023 £000
Policy & Resources	643	735	635	2,594	-	4,607	4,607	-	105
Environment & Regeneration	10,219	13,160	21,780	9,461	125	54,745	54,745	-	2,240
School Estate	300	1,337	4,082	5,001	-	10,720	10,720	-	1,150
Education & Communities (Exc School Estate)	509	1,376	570	50	501	3,006	3,006	-	670
HSCP	332	960	8,241	174	-	9,707	9,707	-	136
<b>Total</b>	<b>12,003</b>	<b>17,568</b>	<b>35,308</b>	<b>17,280</b>	<b>626</b>	<b>82,785</b>	<b>82,785</b>	<b>-</b>	<b>4,301</b>