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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>6 February 2024</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/06/24/MT/GS</b>
<b>Contact Officer:</b>	<b>Matt Thomson</b>	<b>Contact No:</b>	<b>01475 712256</b>
<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 as well as reflecting the impact of the draft 2024/25 Capital Grant settlement announced by the Scottish Government.
- 1.3 The Policy & Resources Capital Programme has a capital budget over 2023/26 of £4.489m with total projected spend on budget. The Committee is projecting to spend £0.604m in 2023/24 which is the same as the approved budget.
- 1.4 The overall 2023/26 Capital Programme budget is £66.394m with projects totalling £70.089m. This represents a £3.695m (5.57%) over allocation. This exceeds the agreed 5% tolerance and requires to be addressed as part of the forthcoming Budget. In the current year net slippage of £1.798m, 9.43% is being reported, an increase of £0.292 million since the last report. Expenditure at 30 November was £7.906m (45.76% of projected spend).
- 1.5 The future years Capital Grant as per the draft Scottish Government Settlement shows a like for like cash reduction of just over £0.3 million compared to 2023/24 and this is the main reason why the programme now exceeds the overcommitment threshold of 5%.
- 1.6 Additionally, Committee is reminded that each year the recurring investment allocations for core infrastructure (schools, roads, other properties, ICT, Aids & Adaptations etc) is over £9.0 million and given that the Capital Grant is now under £6.0 million then there will need to either be significant reductions in investment or re-prioritisation of recurring spend/reserves towards capital in the medium term.

## **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 the 2023/26 programme overcommitment is now over the 5% tolerance and will need to be addressed through the budget process.

**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.
- 3.2 The Committee have been advised on a regular basis of the pressures on 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 2024/28 Capital Programme.

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

- 3.3 The Policy & Resources capital budget is £4.489m. The current projection is £4.489m which means total projected spend is on budget.
- 3.4 The approved budget for 2023/24 is £0.604m and the Committee is projecting to spend £0.604m in 2023/24. The spend at 30 November is £0.426m (70.53%) of the approved budget.
- 3.5 PC Refresh Programme – The Phase 2 replacement programme to refresh 520 PCs across the school estate was completed over the summer break. The programme to refresh 118 PCs in School Management and Offices is now complete. This project was completed during term time with the cooperation of schools and Education HQ to allow the programme to be completed with minimal disruption. A final project to replace existing primary classroom desktop PCs with portable trolleys containing laptops is being scoped. This will provide a more flexible option for schools and will enable some existing dedicated computer suites to be repurposed for other functions.
- 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 allows the 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 has now concluded. No further spend is anticipated from this budget in 2023/24.
- 3.7 As part of the 2023/26 budget setting process £4m was added 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 £10.559m 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), an increase in funding for the community business fund (£0.025m), an increase for Nature Restoration (£0.306m) as well as the £2.0m Revenue/Capital Grant swap, leaving a core grant of £6.079m.

3.9 The Capital Programme reflects both the previously confirmed 2023/24 capital grant as well as the recently announced 2024/25 capital grant. The 2024/25 allocation is £5.935m, however this includes £0.150m allocation for Coastal Change Adaptions which is passported to the Property Assets budget. Therefore, core funding is £5.785m or around £0.3million less in cash terms than 2023/24.

The reduction in capital grant has increased the 3 year over commitment to £3.695m/5.57%, which is above the overcommitment threshold of 5%. This will require to be addressed through the budget process.

3.10 In terms of the overall Capital Programme, it can be seen from Appendix 2 that at 30 November 2023 expenditure in 2023/24 was 45.76% 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 £1.798m, (9.43%) is currently being reported, an increase of £0.292m in comparison to the previous reporting period. This is due to slippage within Health and Social Care (£1.741m), Environment & Regeneration Committee (£0.069m) and advancement within the Education and Communities Committee (£0.012m).

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

#### Policy & Resources

Expenditure as at 30 November 2023 is £0.426m against an approved budget of £0.604m. There is no net slippage within this committee to date.

#### Environment & Regeneration

Expenditure at 30 November 2023 is £5.158m against an approved budget of £13.091m. Net slippage of £0.069m (0.52%) and is mainly due to slippage in Coastal Change Adaptions (£0.150m) and Place Based Funding (£0.400m) offset with advancements within New Ways of working (£0.020m), Whinhill Golf club External Fabric works (£0.058m) 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 at 30 November 2023 is £2.176m against an approved budget of £2.487m. Net advancement of £0.012m (0.48%) mainly due to slippage within the Port Glasgow New Community hub project (£0.277m) offset with advancements within Free School meals (0.080m), Projects complete on site (£0.072m), CO2 Monitors in schools (£0.027m) and the Waterfront Leisure Centre training pool moveable floor (£0.060m) as well as other minor advancements within the committee.

#### Health & Social Care

Expenditure at 30 November 2023 is £0.146m against an approved budget of £2.601m. Net slippage of £1.741m (66.94%), due to slippage within the New Learning Disability Facility project (£1.641m) caused by delays in receiving the full market testing information from contractors which has required a further period of due diligence and the Swift Upgrade (£0.100m).

3.13 2023/24 continues to be another challenging year for delivery of the capital program, officers will endeavour to advance projects when possible, in an attempt to keep slippage within the 10% threshold.

## 4.0 PROPOSALS

- 4.1 The continued annual shortfall between the Councils core asset investment requirement and the level of Capital Grant continues to put pressure on the wider finances of the Council and this matter is being considered within the MBWG and will form part of the overall Budget proposals to be approved by the Council within the next month.

## 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

### 5.2 Finance

The matter highlighted in 4.1 above will have financial implications for the Council.

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
<u>Project Name</u>	<u>Est Total Cost</u>	<u>Actual to 31/3/23</u>	<u>Approved Budget 2023/24</u>	<u>Revised Est 2023/24</u>	<u>Actual to 30/11/2023</u>	<u>Est 2024/25</u>	<u>Est 2025/26</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>
<b><u>Environment, Regeneration &amp; Resources</u></b>								
<b><u>ICT</u></b>								
Storage/Backup Devices/Minor Works and Projects	46	23	2	23	10	0	0	0
Rolling Replacement of PC's	812	418	24	394	269	0	0	0
Meeting Room, Videoconferencing & Hybrid Working Equipment	18	9	51	9	3	0	0	0
Server & Switch Replacement Programme	356	178	17	178	144	0	0	0
Home Working Allocation	15	15	10	0	0	0	0	0
Annual Allocation	1,161	-	500	0	0	576	585	0
<b><u>ICT Total</u></b>	<b>2,408</b>	<b>643</b>	<b>604</b>	<b>604</b>	<b>426</b>	<b>576</b>	<b>585</b>	<b>0</b>
<b><u>Finance</u></b>								
Medium Term Capital Program Support	2,081	-	0	0	0	131	1,950	0
<b><u>Finance Total</u></b>	<b>2,081</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>131</b>	<b>1,950</b>	<b>0</b>
<b>TOTAL</b>	<b>4,489</b>	<b>643</b>	<b>604</b>	<b>604</b>	<b>426</b>	<b>707</b>	<b>2,535</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	10,154	5,935	5,750	-	21,839
Capital Receipts (Note 1)	279	315	315	-	909
Capital Grants (Note 2)	4,558	-	-	-	4,558
Prudential Funded Projects (Note 3)	3,544	10,765	2,748	125	17,182
Balance B/F From 21/22	12,687	-	-	-	12,687
Capital Funded from Current Revenue	(19)	6,269	3,094	-	9,344
	<u>31,203</u>	<u>23,284</u>	<u>11,907</u>	<u>125</u>	<u>66,519</u>

Overall Position 2023/26

	<u>£000</u>
Available Resources (Appendix 2a, Column A-C)	66,394
Projection (Appendix 2b, Column B-D)	70,089
(Shortfall)/Under Utilisation of Resources	<u>(3,695)</u>
(Shortfall)/Under Utilisation of Resources %	<u>(5.57)%</u>



**Notes to Appendix 2a**

**Note 1 (Capital Receipts)**

	2023/24	2024/25	2025/26	2026/27	Total
	£000	£000	£000	£000	£000
Sales	214	315	315	-	844
Contributions/Recoveries	65	-	-	-	65
	279	315	315	-	909

**Note 2 (Capital Grants)**

	2023/24	2024/25	2025/26	2026/27	Total
	£000	£000	£000	£000	£000
Government Grant - Place Based Funding	407	-	-	-	407
Early Years	-	-	-	-	-
Renewal of Play Parks	126	-	-	-	126
Cycling, Walking & Safer Streets	520	-	-	-	520
SPT	790	-	-	-	790
Road Safety Improvement Fund	114	-	-	-	114
Spaces for People	-	-	-	-	-
Nature Restoration Fund	306	-	-	-	306
CO2 Monitors in Schools	-	-	-	-	-
Electric Vehicles	-	-	-	-	-
Sustrans	2,295	-	-	-	2,295
SFA Pitches	-	-	-	-	-
	4,558	-	-	-	4,558

**Note 3 (Prudentially Funded Projects)**

	2023/24	2024/25	2025/26	2026/27	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	41	333	-	-	374
Capital Works on Former Tied Houses	-	98	110	125	333
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
	3,544	10,765	2,748	125	17,182

Capital Programme - 2023/24 - 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 30/11/2023 £000
Policy & Resources	643	604	707	2,535	-	4,489	4,489	-	426
Environment & Regeneration	10,219	13,087	22,134	9,446	125	55,011	55,011	-	5,158
School Estate	300	1,549	3,655	5,001	-	10,505	10,505	-	1,300
Education & Communities (Exc School Estate)	509	1,176	770	50	501	3,006	3,006	-	876
HSCP	332	860	8,341	174	-	9,707	9,707	-	146
<b>Total</b>	<b>12,003</b>	<b>17,276</b>	<b>35,607</b>	<b>17,206</b>	<b>626</b>	<b>82,718</b>	<b>82,718</b>	<b>-</b>	<b>7,906</b>