
Report To:	Policy & Resources Committee	Date:	4 June 2024
Report By:	Chief Financial Officer	Report No:	FIN/32/24/AP/MT
Contact Officer:	Matt Thomson	Contact No:	01475 712256
Subject:	Policy & Resources Capital Budget and Council 2023/28 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 2023/28 Capital Programme as well as reflecting the impact of the 2024/25 Capital Grant settlement confirmed by the Scottish Government on 29 February.

1.3 The Policy & Resources Capital Programme has a capital budget over 2023/28 of £4.584m 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 2023/28 Capital Programme budget is £90.058m with projects totalling £93.311m. This represents a £3.253m (3.61%) over allocation. This is within the agreed 5% tolerance. It should be noted that this is based on a 5 year capital resource and the over provision will represent approximately 0.43% of the reduced, 4 year, resources of the 2024/28 programme which remains within acceptable levels. In the current year net advancement of £0.228m, 1.20% is being reported, this is a movement of £1.307 million from a slippage position since the last report. The advancement from the previous period's report has occurred in the programme within the individual Committees as follows; Environment & Regeneration (£0.532m advancement), Education & Communities (£0.772m advancement) as well as a minor advancement in HSCP (£0.003m). A further breakdown of this movement can be seen within the individual breakdown per Committee in paragraph 3.12. Expenditure at 29 February was £16.336m (84.72% of projected spend).

2.0 RECOMMENDATIONS

2.1 It is recommended that the Committee note the current position of the 2023/28 Policy & Resources Capital Budget and the current position of the 2023/28 Capital Programme.

Alan Puckrin
Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

3.1 On 29 February 2024 the Council approved the 2024/28 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 as well as the position of the overall extended 2023/28 Capital Programme.

2023/28 Policy & Resources Capital Position

3.2 The Policy & Resources capital budget is £4.584m. The current projection is £4.584m which means total projected spend is on budget.

3.3 The approved budget for 2023/24 is £0.604m and the Committee is projecting to spend £0.604m in 2023/24. The spend at 29 February is £0.590m (97.68%) of the approved budget.

3.4 PC Refresh Programme – The final phase of the this project to replace existing primary classroom desktop PCs with portable trolleys containing laptops is underway. This will provide a more flexible option for schools and will enable some existing dedicated computer suites to be repurposed for other functions. 296 devices have been ordered, once complete no further spend is anticipated. The 2024/25 Refresh programme is currently being evaluated and will focus on a small number of remaining devices not addressed in previous school refresh programmes and returning to the corporate estate to begin the refresh of devices delivered post pandemic.

3.5 Server and Switch Replacement – A range of network and server replacement programmes are being developed. Upgrade of the Telephony Voice/Quality Assurance system will commence early Q2 24/25. A number of device replacements across the network estate to improve service and support the implementation of SWAN2 is planned.

3.6 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 £2.349m has been allocated by Committee leaving an unallocated balance of £1.751m.

Overall 2023/28 Capital Programme

3.7 The overall 2023/28 Capital Programme reflects the 2023/24 capital grant. The total grant for 2023/24 of £10.587m is significantly higher than the £6.0m initially estimated. 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), an increase in funding for flooding (£0.027m) as well as the £2.0m Revenue/Capital Grant swap, leaving a core grant of £6.079m.

3.8 The Capital Programme also reflects the confirmed 2024/25 capital grant. The 2024/25 allocation is £6.022m, however this includes £0.052m allocation for Coastal Change Adaptions which is passported to the Property Assets budget and £0.188m for Play Parks strategy which is passported to the Environmental budget. Therefore, core funding is £5.782m or around £0.3million less in cash terms than 2023/24.

- 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 £3.253m which represents 3.61% of the 2023/28 Resources. It should be noted that this is based on a 5-year capital resource and the over provision will represent approximately 0.43% of the reduced, 4 year, resources of the 2024/28 programme which remains within acceptable levels.
- 3.10 In terms of the overall Capital Programme, it can be seen from Appendix 2 that at 29 February 2024 expenditure in 2023/24 was 84.72% 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 advancement of £0.228m, (1.20%) is currently being reported, a movement of £1.307m in comparison to the previous reporting period which was showing a slippage position. This is due to slippage within Health and Social Care (£2.281m), offset with advancement within the Education and Communities Committee (£0.982m) and Environment & Regeneration Committee (£1.524m).
- 3.12 The position in respect of individual Committees for 2023/24 is as follows:

Policy & Resources

Expenditure as at 29 February 2024 is £0.590m against an approved budget of £0.604m. There is no net slippage within this committee to date.

Environment & Regeneration

Expenditure at 29 February 2024 is £11.904m against an approved budget of £13.091m. Net advancement of £1.524m (11.60%) and is mainly due to slippage in Coastal Change Adaptions (£0.150m), the Watt Institute DDA Works (£0.109m) and Place Based Funding (£0.400m) offset with advancements within the Greenock Town Hall Roofing, Ventilation & Windows project (£0.316m), The Minor Works projects (£0.156m), Sustrans projects (£0.250m), Flooding works (£0.250m), Waterfront Lifecycle Works (£0.140m), New Ways of working (£0.032m), Town & Village Centre projects (£0.251m) the RAMP (£0.627m), the Cremator Replacement (£0.148m) and play Area Strategy (£0.126m) as well as other minor movements across the program.

Education & Communities

Expenditure at 29 February 2024 is £3.695m against an approved budget of £2.487m. Net advancement of £0.982m (36.20%) mainly due to slippage within the Port Glasgow New Community hub project (£0.191m) offset with advancements within the Lifecycle Fund (£0.809m), Free School meals (0.095m), Projects complete on site (£0.136m), CO2 Monitors in schools (£0.033m) and the Waterfront Leisure Centre training pool moveable floor (£0.060m) and the Leisure Pitches Lifecycle Fund (£0.040m)

Health & Social Care

Expenditure at 29 February 2024 is £0.147m against an approved budget of £2.601m. Net slippage of £2.278m (87.58%), due to slippage within the New Learning Disability Facility project (£2.078m) 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 (£0.200m).

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 forms part of the Asset Management Workstream due to be progressed in 2024/25.

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

There are no specific financial implications arising from this report.

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.

Project Name	1	2	3	4	5	6	7	8	9	10
	<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 29/02/2024</u>	<u>Est 2024/25</u>	<u>Est 2025/26</u>	<u>Est 2026/27</u>	<u>Est 2027/28</u>	<u>Future Years</u>
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<u>Environment, Regeneration & Resources</u>										
<u>ICT</u>										
Storage/Backup Devices/Minor Works and Projects	46	23	2	23	15	0	0	0	0	0
Rolling Replacement of PC's	824	418	24	406	406	0	0	0	0	0
Meeting Room, Videoconferencing & Hybrid Working Equipment	14	9	51	5	3	0	0	0	0	0
Server & Switch Replacement Programme	348	178	17	170	166	0	0	0	0	0
Home Working Allocation	15	15	10	0	0	0	0	0	0	0
Annual Allocation	2,229	-	500	0	0	576	585	534	534	0
<u>ICT Total</u>	3,476	643	604	604	590	576	585	534	534	0
<u>Finance</u>										
Medium Term Capital Program Support	1,751	-	0	0	0	300	1,090	361	0	0
<u>Finance Total</u>	1,751	0	0	0	0	300	1,090	361	0	0
TOTAL	5,227	643	604	604	590	876	1,675	895	534	0

Capital Programme - 2023/24 - 2027/28

	<u>Available Resources</u>						
	A	B	C	D	E	F	G
	2023/24	2024/25	2025/26	2026/27	2027/28	Future	Total
	£000	£000	£000	£000	£000	£000	£000
Government Capital Support	10,154	5,834	5,750	5,750	5,750	-	33,238
Capital Receipts (Note 1)	279	315	315	315	315	-	1,539
Capital Grants (Note 2)	4,568	1,450	-	-	-	-	6,018
Prudential Funded Projects (Note 3)	3,860	6,354	6,843	2,464	2,464	125	22,110
Balance B/F From 22/23	12,687	-	-	-	-	-	12,687
Capital Funded from Current Revenue	796	5,454	3,344	2,564	2,433	-	14,591
	<u>32,344</u>	<u>19,407</u>	<u>16,252</u>	<u>11,093</u>	<u>10,962</u>	<u>125</u>	<u>90,183</u>

Overall Position 2023/28

Available Resources (Appendix 2a, Column A-E)	<u>£000</u>
Projection (Appendix 2b, Column B-F)	90,058
(Shortfall)/Under Utilisation of Resources	<u>93,311</u>
	<u>(3,253)</u>
(Shortfall)/Under Utilisation of Resources %	<u>(3.61)%</u>

Note 1 (Capital Receipts)

	2023/24	2024/25	2025/26	2026/27	2027/28	Future	Total
	£000	£000	£000	£000	£000	£000	£000
Sales	214	315	315	315	315	-	1,474
Contributions/Recoveries	65	-	-	-	-	-	65
	<u>279</u>	<u>315</u>	<u>315</u>	<u>315</u>	<u>315</u>	<u>-</u>	<u>1,539</u>

Note 2 (Capital Grants)

	2023/24	2024/25	2025/26	2026/27	2027/28	Future	Total
	£000	£000	£000			£000	£000
Government Grant - Place Based Funding	407	-	-				407
Free School Meals	-	107	-				107
Watt Institute LED Lighting	-	41	-				41
Renewal of Play Parks	126	188	-				314
Cycling, Walking & Safer Streets	520	345	-				865
SPT	790	-	-				790
Road Safety Improvement Fund	114	-	-				114
Nature Restoration Fund	306	-	-				306
Peatland Action Trust	-	769	-				769
Sustrans	2,305	-	-			-	2,305
	<u>4,568</u>	<u>1,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,018</u>

Note 3 (Prudentially Funded Projects)

	2023/24	2024/25	2025/26	2026/27	2027/28	Future	Total
	£000	£000	£000	£000	£000	£000	£000
Vehicle Replacement Programme	481	814	1,464	964	964	-	4,687
Borrowing in lieu of VRP Reduction	-	636	-			-	636
Asset Management Plan - Depots	36	64	274			-	374
Capital Works on Former Tied Houses	8	-	200			125	333
Clune Park Regeneration	112	-	-	-	-	-	112
New Learning Disability Facility	323	3,340	3,405			-	7,068
Additional Prudential Borrowing to Fund Capital Programme	1,500	1,500	1,500	1,500	1,500	-	7,500
Additional Prudential Borrowing to meet anticipated Cost Pressures	1,400	-	-			-	1,400
	<u>3,860</u>	<u>6,354</u>	<u>6,843</u>	<u>2,464</u>	<u>2,464</u>	<u>125</u>	<u>22,110</u>

Appendix 2bCapital Programme - 2023/24 - 2027/28Agreed Projects

Committee	A Prior Years £000	B 2023/24 £000	C 2024/25 £000	D 2025/26 £000	E 2026/27 £000	F 2027/28 £000	G Future £000	H Total £000	I Approved Budget £000	J (Under)/ Over £000	K 2023/24 Spend To 29/02/2024 £000
Policy & Resources	643	604	876	1,675	895	534	-	5,227	5,227	-	590
Environment & Regeneration	10,219	14,660	11,606	18,477	7,840	7,840	125	70,767	70,767	-	11,904
School Estate	300	2,410	981	6,921	3,000	3,000	-	16,612	16,612	-	2,410
Education & Communities (Exc School Estate)	509	1,285	404	557	251	120	-	3,126	3,126	-	1,285
HSCP	332	323	5,647	3,405	-	-	-	9,707	9,707	-	147
Total	12,003	19,282	19,514	31,035	11,986	11,494	125	105,439	105,439	-	16,336