
Report To: Policy & Resources Committee **Date:** 16 November 2021

Report By: Interim Director, Finance & Corporate Governance **Report No:** FIN/70/21/AP/MT

Contact Officer: Matt Thomson **Contact No:** 01475 712256

Subject: Policy & Resources Capital Budget and 2021/24 Capital Programme

1.0 PURPOSE

- 1.1 The purpose of the report is to provide Committee with the latest position of the Policy & Resources Capital Budget and the 2021/24 Capital Programme.

2.0 SUMMARY

- 2.1 On March 18 2021 the Council approved the 2021/24 Capital Programme as part of the overall Budget approval.
- 2.2 The Capital Programme reflects the confirmed 2021/22 capital grant and an estimate of capital grants for the period 2022/24. The significant reduction in the Capital Grant seen in 2020/21 continued into 2021/22 with the Scottish Government advising that this is likely to remain the case until 2026/27, based on this the 2022/23 & 2023/24 estimated grants have also been reduced to £6.4m per year.
- 2.3 In order to address the reduction in Capital Resources the Council approved a number of measures including a reduction in the RAMP allowance to £2.4m from 2023/24 and the allocation of £1.7m from General Fund Reserves. The Council also requested officers to develop proposals to enhance the Capital Programme without adding further to the funding gap.
- 2.4 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 £2.775m which represents 4.65% of the 2021/24 resources. However the Committee approved a further £1m be allocated to Clune Park and a funding source for this has to be identified.
- 2.5 The Policy & Resources capital budget is £3.136m and the current projection is on budget. The budget for 2021/22 is £1.427m with slippage of £0.098m (6.87%) being reported at this stage. Spend to date is £0.057m which is 4% of projected spend. Further detail on the Policy & Resources Capital Programme can be found in Appendix 1 and section 5 of the report.
- 2.6 As a result of material shortages and potential resultant project delays and price increases in the construction industry Policy & Resources Committee on 10th August approved the use of £100,000 Prudential Borrowing to borrow up to £1.6m to meet the potential increase in capital costs throughout 2021/22 and 2022/23. This £1.6m allowance is reflected in the Policy & Resources Capital Budget and will be allocated out to specific projects as the need is identified. All such allocations will be reported to this Committee.
- 2.7 In terms of the overall Capital Programme it can be seen from Appendix 2 that as at 30th September 2021 expenditure in 2021/22 was 24.7% 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 Section 6 of the report. Overall committees are projecting to outturn on budget.

- 2.8 In the current year net slippage of £0.138m, 0.66% is currently being reported, this is a movement of £0.368, 1.76%, from the net advancement reported to the previous Committee. This is due to advancement within the Education & Communities Committee (£0.269m) and Health & Social Care (£0.499) offset by slippage within Environment & Regeneration Committee (£0.808m) and Policy & Resources Committee (£0.098m).
- 2.9 The Council's City Deal projects lie outwith the General Fund Capital Programme and are not included in this report. Progress on the 3 City Deal projects is reported to Environment & Regeneration Committee.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Committee note the current position of the 2021/24 Policy & Resources Capital Budget.
- 3.2 It is recommended that Committee note the current position of the 2021/24 Capital Programme.

Alan Puckrin
Interim Director, Finance & Corporate Governance

4.0 BACKGROUND

- 4.1 On March 18 2021 the Council approved the 2021/24 Capital Programme as part of the overall Budget approval.
- 4.2 The Capital Programme reflects the confirmed 2021/22 capital grant and an estimate of capital grants for the period 2022/24. The significant reduction in the Capital Grant seen in 2020/21 continued into 2021/22 with the Scottish Government advising that this is likely to remain the case until 2026/27, based on this the 2022/23 & 2023/24 estimated grants have also been reduced to £6.4m per year.
- 4.3 In order to address the reduction in Capital Resources the Council approved a number of measures including a reduction in the RAMP allowance to £2.4m from 2023/24 and the allocation of £1.7m from General Fund Reserves. The Council also requested officers to develop proposals to enhance the Capital Programme without adding further to the funding gap.
- 4.4 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 £2.775m which represents 4.65% of the 2021/24 resources. However the Committee approved a further £1m be allocated to Clune Park and a funding source for this has to be identified.
- 4.5 The Policy & Resources Capital Programme contains the previously reported 2021/24 allocations as well as a £1.6m Cost Pressures allowance added to the Policy & Resources programme to address anticipated price increases in the construction industry as a result of cost increases and project delays arising from material shortages and supply chain issues. This allowance will be allocated out to specific projects as the need is identified. All such allocations will be reported to this Committee.

5.0 POLICY & RESOURCES CAPITAL BUDGET UPDATE

- 5.1 The Policy & Resources capital budget is £3.136m and the current projection on budget. The budget for 2021/22 is £1.427m with slippage of £0.098m (6.87%) being reported at this stage. Spend to date is £0.057m which is 4% of projected spend with a further £0.230m committed. Further detail on the Policy & Resources Capital programme can be found in Appendix 1.
- 5.2 PC Refresh Programme – ICT has moved to a laptop refresh strategy to provide flexibility for home and hybrid working. It has identified the next tranche equipment to be replaced during the refresh programme which is scheduled to be completed in December 2021.
- 5.3 Server and Switch Replacement – A number of maintenance replacements are scheduled and are being scoped including the core VMWare Host Server Estate and School Estate Domain Controllers. Refresh of core Firewall and Anti-Virus appliances are scheduled for this financial year (£78k) and discussion with vendor and manufacturer is complete and moving to replacement.
- 5.4 ICT & Digital Strategies - Business Cases for investment as part of the Council's Digital Strategy in Electronic Document Management to enable home and hybrid working are being developed in conjunction with services as appropriate.

6.0 2021/24 CAPITAL PROGRAMME UPDATE

- 6.1 Appendix 2 shows that over the 2021/24 period the Capital Programme is reporting a £2.775m deficit. This is within an acceptable level of up to 5% over provision.
- 6.2 The position in respect of individual Committees for 2021/22 is as follows:

Policy & Resources

Expenditure as at 30th September 2021 is £0.057m against an approved budget of £1.427m. Slippage Of £0.098m (6.87%) is being reported at this stage within the ICT Annual Allocation.

Environment & Regeneration

Expenditure as at 30th September 2021 is £1.815m against an approved budget of £12.619m. Net slippage of £0.808m (4.26%) is being reported due to advancement within the Cemetery Development (£0.125m), offset by slippage in the SPT projects (£0.214m), Spaces for People (£0.230m), Ivy House Replacement (£0.200m), Waterfront Leisure Centre Lifecycle Works (£0.100m) and Parks, Cemeteries and Open Spaces AMP (£0.113m).

Education & Communities

Expenditure as at 30th September 2021 is £3.211m against an approved budget of £5.617m. Net advancement of £0.269m (4.79%) is being reported due to advancement/cost increases in Gourrock Primary School Extension (£0.778m) and Direct Access works at various Early Years Centres (£0.150m) offset by slippage in Indoor Tennis Facility (£0.400m) and Waterfront Leisure Centre Moveable Pool Floor (£0.274m).

Health & Social Care

Advancement of £0.499m is being reported in connection with Crosshill Children's Home Replacement, with spend of £0.038m for the year to date against an approved budget of £1.229m.

- 6.3 Overall in 2021/22 expenditure is 24.7% of projected spend for the year and projected net slippage of the programme is £0.138m (0.66%).

7.0 CONSULTATION

- 7.1 This report reflects the detail reported to Service Committees.

8.0 IMPLICATIONS

Finance

8.1 Financial Implications

All financial implications are shown in detail within the report and in Appendices 1 & 2

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

Legal

- 8.2 There are no legal implications.

Human Resources

- 8.3 There are no direct staffing implications in respect of this report and as such the Head of Organisational Development, HR & Communications has not been consulted.

8.4 Equalities

(a) Has an Equality Impact Assessment been carried out?

	YES (see attached appendix)
X	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

(a) Has an Equality Impact Assessment been carried out?

Repopulation

8.5 The Council's continuing significant capital investment levels will have a positive impact on regeneration, job creation and hence repopulation.

9.0 BACKGROUND PAPERS

9.1 None.

COMMITTEE: POLICY & RESOURCES

<u>Project Name</u>	1	2	3	4	5	6	7	8
	<u>Est Total Cost</u>	<u>Actual to 31/3/21</u>	<u>Approved Budget 2021/22</u>	<u>Revised Est 2021/22</u>	<u>Actual to 30/09/21</u>	<u>Est 2022/23</u>	<u>Est 2023/24</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		25	25		0	0	0
Rolling Replacement of PC's	305		305	305	40	0	0	0
Whiteboard/Projector Refresh	30		90	30		0	0	0
Server & Switch Replacement Programme	169		169	169	17	0	0	0
Annual Allocation	884		38	0		521	363	0
<u>ICT Total</u>	1,413	0	627	529	57	521	363	0
<u>Finance</u>								
Modernisation Fund	123	112	0	0		11	0	0
Cost Pressure Contingency	1,600		800	800		800		
<u>Finance Total</u>	1,723	112	800	800	0	811	0	
TOTAL	3,136	112	1,427	1,329	57	1,332	363	0

Appendix 2a**Capital Programme - 2021/22 - 2023/24****Available Resources**

	A	B	C	D	E
	2021/22	2022/23	2023/24	Future	Total
	£000	£000	£000	£000	£000
Government Capital Support	6,405	6,400	6,400	-	19,205
Capital Receipts (Note 1)	835	275	296	-	1,406
Capital Grants (Note 2)	2,227	1,184	-	-	3,411
Prudential Funded Projects (Note 3)	1,052	8,468	2,964	207	12,691
Balance B/F From 20/21	15,105	-	-	-	15,105
Capital Funded from Current Revenue	6,525	1,063	483	-	8,071
	<u>32,149</u>	<u>17,390</u>	<u>10,143</u>	<u>207</u>	<u>59,889</u>

Overall Position 2021/24

Available Resources (Appendix 2a, Column A-C)	<u>£000</u>
Projection (Appendix 2b, Column B-D)	59,682
(Shortfall)/Under Utilisation of Resources	<u>(2,775)</u>
(Shortfall)/Under Utilisation of Resources %	<u>(4.65)%</u>

Notes to Appendix 2a**Note 1 (Capital Receipts)**

	2021/22	2022/23	2023/24	Future	Total
	£000	£000	£000	£000	£000
Sales	525	275	296	-	1,096
Contributions/Recoveries	310	-	-	-	310
	835	275	296	-	1,406

Note 2 (Capital Grants)

	2021/22	2022/23	2023/24	Future	Total
	£000	£000	£000	£000	£000
Government Grant - Place Based Funding	675	-	-	-	675
Renewal of Play Parks	65	-	-	-	65
Cycling, Walking & Safer Streets	406	-	-	-	406
SPT	575	-	-	-	575
Spaces for People	248	-	-	-	248
Nature Restoration Fund	88	-	-	-	88
HES - Watt Complex	26	-	-	-	26
Electric Vehicles	19	-	-	-	19
Sustrans	70	-	-	-	70
Watt Complex Creativity Space	55	-	-	-	55
RCGF - King George VI	-	1,184	-	-	1,184
	2,227	1,184	-	-	3,411

Note 3 (Prudentially Funded Projects)

	2021/22	2022/23	2023/24	Future	Total
	£000	£000	£000	£000	£000
Vehicle Replacement Programme	(420)	217	839	-	636
Asset Management Plan - Offices	-	84	-	-	84
Asset Management Plan - Depots	37	305	-	-	342
Capital Works on Former Tied Houses	-	76	90	207	373
CCTV	15	-	-	-	15
Clune Park Regeneration	27	334	-	-	361
Neil Street Childrens Home Replacement - CoS	2	11	-	-	13
Crosshill Childrens Home Replacement	185	106	-	-	291
New Learning Disability Facility	406	6,292	635	-	7,333
SWIFT Upgrade	-	243	-	-	243
Additional Prudential Borrowing to Fund Capital Programme	-	-	1,400	-	1,400
Additional Prudential Borrowing to meet anticipated Cost Pressures	800	800	-	-	1,600
	1,052	8,468	2,964	207	12,691

Appendix 2bCapital Programme - 2021/22 - 2023/24Agreed Projects

Committee	A Prior Years	B 2021/22	C 2022/23	D 2023/24	E Future	F Total	G Approved Budget	H (Under)/ Over	I 2021/22 Spend To 30/09/2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Policy & Resources	112	1,329	1,332	363	-	3,136	3,136	-	57
Environment & Regeneration	6,110	11,811	15,328	7,152	364	40,765	40,765	-	1,815
School Estate	5,488	5,127	3,466	3,500	1,001	18,582	18,582	-	2,923
Education & Communities (Exc School Estate)	360	759	2,647	370	-	4,136	4,136	-	288
HSCP	1,556	1,728	6,910	635	-	10,829	10,829	-	38
Total	13,626	20,754	29,683	12,020	1,365	77,448	77,448	-	5,121