
Report To:	Policy & Resources Committee	Date:	31 January 2023
Report By:	Interim Director Finance & Corporate Governance	Report No:	FIN//23/MT/GS
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 £2.347m with total projected spend on budget. The Committee is projecting to spend £0.732m in 2022/23 after advancement of £0.200m (36.83%).
- 1.4 The overall 2022/25 Capital Programme budget is £66.055m with projects totalling £68.676m. This represents a £2.621m (3.97%) over allocation which is within the approved 5% tolerance. In the current year net slippage of £4.983m, 21.90% is being reported with expenditure at 30 November being £9.105m (51.22% 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 and the current position of the 2022/25 Capital Programme.
- 2.2 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.
- 2.3 It is recommended that the Committee notes that the Members Budget Working Group is developing proposals for the 2023/26 Capital Programme which will be considered as part of the overall Budget in March 2023.

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.
- 3.2 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

2022/25 Policy & Resources Capital Position

- 3.3 The Policy & Resources capital budget is £2.347m. The current projection is £2.347m which means total projected spend is on budget. This is a reduction in budget of £0.194m due to Covid Cost Pressure Budget having been released to fund increased costs for the Cremator replacement.
- 3.4 The budget for 2022/23 is £0.532m and the Committee is projecting to spend £0.732m in 2022/23, advancement of £0.200m (36.83%) relating mainly to the Server & Switch Replacement Programme and Rolling Replacement of PC's. The spend as at 30 November is £0.440m (60.11%) of current projection.
- 3.5 PC Refresh Programme – Phase 1 of the Schools PC Refresh programme, in conjunction with the Smartboard Refresh Programme, completed by Property Services as part of the SEMP, was completed in the October holiday week. 631 Whiteboard/Teacher Desktop PCs with laptops. The first tranche of Phase 2 replacement programme will replace 240 PCs in 1 x Business Education and 1 x Computing Science suites in each of the high schools. The remaining devices and office equipment will be addressed in Phase 2 tranche 2 in FY 2023/24. It has been agreed with Education HQ colleagues that this will be scheduled during the term time, working with the schools to ensure minimal disruption within the classroom and provide the fastest timeline for completion..
- 3.6 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 early in the new year . 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.
- 3.7 ICT & Digital Strategies – As part of New Ways of Working a programme to identify systems and services to support Hybrid Meetings has been completed. One meeting room has been equipped with equipment and is being used as the first Hybrid Meeting room outwith the Council Chambers and Board Room 1. Boardroom 2 and CSC Meeting Room 4 will have replacement screens and videoconferencing systems installed in January 2023. The Chief Executive's Meeting Room and

the HR Meeting Room have both had small room systems deployed as upgrades to existing systems.

2022/25 Capital Programme

- 3.8 The Capital Programme reflects both the previously confirmed 2022/23 capital grant as well as the recently announced provisional 2023/24 capital grant. While the total grant for 2023/24 of £8.879m is significantly higher than previously estimated £6.0m this includes both the second year of the additional funding package for the Local Authority pay award (£1.872m) and an allocation for the expansion of Free School Meals (£0.928m) leaving a core grant of £6.079m. The estimated capital grant allocation for 2024/25 remains £6.0m.
- 3.9 The Scottish Government has announced additional Capital Grant funding for 2022/23 of £120m nationally as part of the funding package for the Local Authority pay award with Inverclyde's share of this being £1.867m. As a result of the increased grant Capital Funding the allocation to Capital from Revenue Reserves has been decreased by the same amount leaving no net impact on the Capital Programme.
- 3.10 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 £2.621m which represents 3.97% of the 2022/25 resources and is therefore within acceptable limits.
- 3.11 In terms of the overall Capital Programme it can be seen from Appendix 2 that as at 30 November 2022 expenditure in 2022/23 was 51.22% 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.
- 3.12 In the current year net slippage of £4.983m, (21.90%) is currently being reported. This is due to slippage within the Environment & Regeneration Committee (£3.428), Education & Communities Committee (£0.971m) and Health & Social Care Committee (£0.784m) offset by advancement within the Policy & Resources Committee (£0.200m).
- 3.13 The position in respect of individual Committees for 2022/23 is as follows:

Policy & Resources

Expenditure as at 30 November 2022 is £0.440m against an approved budget of £0.532m. Advancement of £0.200m (37.59%) 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 November 2022 is £5.615m against an approved budget of £16.257m. Net slippage of £3.428m (21.09%) and is mainly due to slippage in the Vehicle Replacement Program (£0.815m), Port Glasgow Lower Quarter (£0.428m), Cycling, Walking and Safer Streets budget (£0.150m), SPT (£0.400m), Cremator Replacement (£0.441m), West Blackhall Street (£0.337m), Place Based Funding (£0.500m) and other minor movements across the remaining elements of the capital programme.

Education & Communities

Expenditure as at 30 November 2022 is £2.801m against an approved budget of £4.623m. Net slippage of £0.971m (22.72%) is being reported mainly due to slippage in the Indoor Tennis Facility (£0.503m), the Waterfront Leisure Centre Moveable Pool Floor (£0.340m) and PG New Community Hub (£0.672m) offset by advancement of Lady Alice Bowling Club (£0.130m), Leisure Pitches (£0.231m) and Gourrock Primary School Extension (£0.314m).

A report is due to be presented to Education and Communities Committee regarding the future of the Indoor Tennis Facility, an update on this will be given by officers at Committee.

Health & Social Care

Expenditure as at 30 November 2022 is £0.249m against an approved budget of £1.346m. Net slippage of £0.784m is being reported due to slippage in the New Learning Disability Facility (£0.784m).

- 3.14 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 not be possible for officers to bring slippage back 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.
- 4.2 The Members Budget Working Group is currently considering the 2023/26 Capital Programme. As previously highlighted, due to reductions in General Capital Grant and increased costs, the Programme is expected to be under significant pressure with Members needing to prioritise spend and/or allocate further resources.

5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendations 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

Appendix 1

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 30/11/22</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	15	0	0	0
Rolling Replacement of PC's	442		73	442	287	0	0	0
Meeting Room, Videoconferencing & Hybrid Working Equipment	60	-	30	60	5	0	0	0
Server & Switch Replacement Programme	195		26	195	133	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	440	764	593	0
<u>Finance</u>								
Modernisation Fund	112	112	0	0		0	0	0
Cost Pressure Contingency	131	-	0	0		131	0	0
<u>Finance Total</u>	243	112	0	0	0	131	0	0
TOTAL	2,347	127	532	732	440	895	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	8,664	8,879	6,000	-	23,543
Capital Receipts (Note 1)	67	890	315	-	1,272
Capital Grants (Note 2)	4,376	3,090	-	-	7,466
Prudential Funded Projects (Note 3)	152	7,987	6,621	147	14,907
Balance B/F From 21/22	14,846	-	-	-	14,846
Capital Funded from Current Revenue	475	943	2,750	-	4,168
	<u>28,580</u>	<u>21,789</u>	<u>15,686</u>	<u>147</u>	<u>66,202</u>

Overall Position 2022/25

Available Resources (Appendix 2a, Column A-C)	<u>£000</u>
Projection (Appendix 2b, Column B-D)	66,055
(Shortfall)/Under Utilisation of Resources	<u>(2,621)</u>
(Shortfall)/Under Utilisation of Resources %	<u>(3.97)%</u>

Notes to Appendix 2a

Note 1 (Capital Receipts)

	2022/23	2023/24	2024/25	Future	Total
	£000	£000	£000	£000	£000
Sales	15	615	315	-	945
Contributions/Recoveries	52	275	-	-	327
	67	890	315	-	1,272

Note 2 (Capital Grants)

	2022/23	2023/24	2024/25	Future	Total
	£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	-	-	-	-	-
Nature Restoration Fund	160	-	-	-	160
CO2 Monitors in Schools	42	-	-	-	42
Electric Vehicles	13	-	-	-	13
Sustrans	-	2,100	-	-	2,100
SFA Pitches	75	-	-	-	75
VDLIP - New Learning Disability Hub	-	990	-	-	990
RCGF - King George VI	1,734	-	-	-	1,734
	4,376	3,090	-	-	7,466

Note 3 (Prudentially Funded Projects)

	2022/23	2023/24	2024/25	Future	Total
	£000	£000	£000	£000	£000
Vehicle Replacement Programme	172	1,511	964	-	2,647
Asset Management Plan - Depots	156	303	-	-	459
Capital Works on Former Tied Houses	15	138	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	100	3,070	4,097	-	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
	152	7,987	6,621	147	14,907

Appendix 2bCapital Programme - 2022/23 - 2024/25Agreed Projects

Committee	A Prior Years	B 2022/23	C 2023/24	D 2024/25	E Future	F Total	G Approved Budget	H (Under)/ Over	I 2022/23 Spend To 30/11/2022
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Policy & Resources	127	732	895	593	-	2,347	2,347	-	440
Environment & Regeneration	7,075	12,829	21,439	7,019	147	48,509	48,509	-	5,615
School Estate	2,423	2,388	5,834	3,000	1,001	14,646	14,646	-	1,880
Education & Communities (Exc School Estate)	270	1,264	2,627	170	-	4,331	4,331	-	921
HSCP	2,149	562	3,120	6,204	-	12,035	12,035	-	249
Total	12,044	17,775	33,915	16,986	1,148	81,868	81,868	-	9,105