
Report To:	Policy & Resources Committee	Date:	19 September 2023
Report By:	Chief Financial Officer	Report No:	FIN/57/23/MT/GS
Contact Officer:	Matt Thomson	Contact No:	01475 712256
Subject:	Policy & Resources Capital Budget and Council 2023/26 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 2023/26 Capital Programme.
- 1.3 The report advises the Committee in respect of the progress of the projects within the Policy & Resources Capital Programme which has a capital budget over 2023/26 of £6.407m 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 overall 2023/26 Capital Programme budget is £66.733m with projects totalling £69.992m. This represents a £3.259m (4.88%) over allocation which is within the approved 5% tolerance. In the current year a net advancement of £0.448m, 2.36% is being reported. Expenditure at 31 July was £3.387m (17.4% of projected spend).

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee notes 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 there are reports elsewhere on the agenda seeking funding from the 2023/26 Capital Programme contingency in relation to Dunrod Road and Inverkip City Deal.

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 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 capital projects. 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 occur:
- 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.

2023/26 Policy & Resources Capital Position

- 3.3 The Policy & Resources capital budget is £6.407m. The current projection is £6.407m 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 31 July is £0.089m (12.11%) of current projection.
- 3.5 PC Refresh Programme – The first tranche of Phase 2 replacement programme to refresh 240 PCs in 1 x Business Education and 1 x Computing Science suites in each of the high schools was completed in the February mid-term break. A small programme to deploy outstanding docking stations delayed by manufacturing and supply issues completed the 2022/23 PC Refresh Programme. The remaining devices in suites were refreshed in Phase 2 tranche 2 during the summer school break. The final tranche, School Management and offices will be completed between now and the end of 2023/24. It has been agreed with Education that this will be scheduled during 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 – 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 is scheduled for completion 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. Planned work includes the deployment of core services in support of Office 365 and replacement of Virtual Server Estate and infill of the School and Corporate Wireless network following availability and coverage surveys completed by ICT for future programmes. These projects will utilise all allocated resources in this budget.
- 3.7 As part of the 2023/26 budget setting process £4m has been allocated to meet potential cost increases, fund unforeseen projects and to protect core service delivery from unexpected fluctuations in costs. This budget has been allocated to Policy and Resources and will be allocated by Committee following the receipt of relevant reports. To date £250,000 has been

allocated to the Parklea Branching Out RCGF project. In addition, reports elsewhere in this agenda request funding for Dunrod Road and Inverkip City Deal project.

Overall 2023/26 Capital Programme

- 3.8 The overall 2023/26 Capital Programme reflects the 2023/24 capital grant. While the total grant for 2023/24 of £8.228m 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), £150k for Coastal Protection and £126k for Play Areas leaving a core grant of £6.080m. 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 4.88% of the 2023/26 resources.
- 3.10 In terms of the overall Capital Programme, it can be seen from Appendix 2 that as at 31 July 2023 expenditure in 2023/24 was 17.4% 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 £0.448m, (2.36%) is currently being reported. This is due to advancement within the Environment & Regeneration Committee (£0.372m) and Policy & Resources Committee (£0.131m) offset with slippage in the Education & Communities Committee (£0.055m).
- 3.12 The position in respect of individual Committees for 2023/24 is as follows:

Policy & Resources

Expenditure as at 31 July 2023 is £0.089m 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 31 July 2023 is £1.929m against an approved budget of £13.091m. Net advancement of £0.372m (2.84%) and is mainly due to slippage in Town & Village Centre projects (£0.199m) and Coastal Change Adaptions (£0.070m) offset with advancements within the RAMP (£0.424m) and play Area Strategy (£0.126m).

Education & Communities

Expenditure as at 31 July 2023 is £1.356m against an approved budget of £2.713m. Net slippage of £0.055m (2.03%) is being reported mainly due to the Lifecycle fund (£0.080m) offset with advancements in the Free School Meals (0.035m).

Health & Social Care

Expenditure as at 31 July 2023 is £0.013m against an approved budget of £2.601m. There has been no slippage or advancement of costs within the Health & Social Care budget to date this year.

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 Environmental & Regeneration Committee on 31 August 2023 agreed to request extra funding from the Committee in relation to the re-alignment of Dunrod Road and the Council's funding of the Inverkip City Deal project. These matters are covered in more detail elsewhere on the agenda.

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

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 31/07/2023	Est 2024/25	Est 2025/26	Future Years
	£000	£000	£000	£000	£000	£000	£000	£000
<u>Environment, Regeneration & Resources</u>								
<u>ICT</u>								
Storage/Backup Devices/Minor Works and Projects	25	23	2	2	3	0	0	0
Rolling Replacement of PC's	442	418	24	24	83	0	0	0
Meeting Room, Videoconferencing & Hybrid Working Equipment	60	9	51	51	0	0	0	0
Server & Switch Replacement Programme	195	178	17	17	3	0	0	0
Home Working Allocation	25	15	10	10	0	0	0	0
Annual Allocation	1,779	-	500	500	0	635	644	0
<u>ICT Total</u>	2,526	643	604	604	89	635	644	0
<u>Finance</u>								
2023/26 Capital Programme Contingency	3,881	-	0	131	0	1,750	2,000	0
Cost Pressure Contingency (added to Med Term Cap Prog Support)	0	-	0	0	0	0	0	0
<u>Finance Total</u>	3,881	0	0	131	0	1,750	2,000	0
TOTAL	6,407	643	604	735	89	2,385	2,644	0

Appendix 2a

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	8,228	6,000	6,000	-	20,228
Capital Receipts (Note 1)	514	315	315	-	1,144
Capital Grants (Note 2)	4,558	-	-	-	4,558
Prudential Funded Projects (Note 3)	5,704	8,948	2,638	-	17,290
Balance B/F From 22/23	12,505	-	-	-	12,505
Capital Funded from Current Revenue	2,064	5,850	3,094	-	11,008
	<u>33,573</u>	<u>21,113</u>	<u>12,047</u>	<u>-</u>	<u>66,733</u>

Overall Position 2023/26

Available Resources (Appendix 2a, Column A-C)	<u>£000</u>
Projection (Appendix 2b, Column B-D)	66,733
(Shortfall)/Under Utilisation of Resources	<u>69,992</u>
(Shortfall)/Under Utilisation of Resources %	<u>(3,259)</u>
	<u>(4.88)%</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	300	-	-	-	300
	514	315	315	-	1,144

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	36	249	-	-	285
Capital Works on Former Tied Houses	524	6	-	-	530
Clune Park Regeneration	(638)	750	-	-	112
Neil Street/Crosshill Childrens Home Replacement - CoS	-	-	-	-	-
New Learning Disability Facility	2,401	4,493	174	-	7,068
Interactive Whiteboard Replacement	-	-	-	-	-
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
	5,704	8,948	2,638	-	17,290

Appendix 2bCapital Programme - 2022/23 - 2025/26Agreed Projects

Committee	A Prior Years	B 2023/24	C 2024/25	D 2025/26	E Future	F Total	G Approved Budget	H (Under)/ Over	I 2023/24 Spend To 31/07/2023
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Policy & Resources	643	735	2,385	2,644	-	6,407	6,407	-	89
Environment & Regeneration	10,168	13,463	19,613	9,361	125	52,730	52,730	-	1,929
School Estate	300	1,282	4,137	5,001	-	10,720	10,720	-	568
Education & Communities (Exc School Estate)	509	1,376	570	50	501	3,006	3,006	-	788
HSCP	332	2,601	6,600	174	-	9,707	9,707	-	13
Total	11,952	19,457	33,305	17,230	626	82,570	82,570	-	3,387