

EAST RENFREWSHIRE COUNCIL

Cabinet

3 October 2024

Report by the Chief Financial Officer

GENERAL FUND CAPITAL PROGRAMME

PURPOSE OF REPORT

1. The purpose of this report is to monitor both income and expenditure as at 30 June 2024 against the approved General Fund Capital Programme and to recommend adjustments where possible.

RECOMMENDATIONS

2. The Cabinet is asked to recommend that Council:
 - note and approve the movements within the 2024/25 programme; and
 - approve the use of Developer Contributions to fully fund the estimated £0.526m increase in the total budget for the Maidenhill Primary School Extension; and
 - note the shortfall of £0.215m and that income and expenditure on the programme will be managed and reported on a regular basis.

BACKGROUND

3. The General Fund Capital Programme for 2024-2034 was approved by Council on 28 February 2024.
4. Movements on the 2024/25 programme were approved by Council on 26 June 2024, including a number of changes resulting from the finalisation of the outturn position for the previous financial year.
5. This report updates project costs and phasings based on progress to date and anticipated to 31 March 2025.
6. The programme is being constantly monitored to ensure any additional cost pressures on key projects can be covered by deferring or reducing other projects to compensate. Where there is general provision for regular capital expenditure (such as on ICT, Roads, or Schools Major Works) officers are expected to prioritise spend on such schemes to remain within the budgeted level. It is recognised that this may mean that fewer such schemes will progress in the year.

CURRENT POSITION

7.	Total anticipated expenditure (Appendix A)	£53.468m
	Total anticipated resources (Appendix B)	<u>£53.253m</u>
	Shortfall	<u>£ 0.215m</u>

INCOME MOVEMENTS

8. The main income movements are as follows: -

- **Borrowing**
Since the last monitoring report submitted to Council on 26 June 2024, borrowing has been reduced by £1.725m due to timing variances in expenditure and other adjustments noted below.
- **Capital Reserve**
On 11 September 2024, Council approved the use of £1.000m from the Capital Reserve to support the costs of developing increased supply of temporary accommodation units. The income and corresponding expenditure have been added to the programme.
- **Grant - Active Travel Infrastructure Fund**
Tier 1 grant funding of £0.672m has been confirmed by Transport Scotland and has been added to the programme. This fund replaces the Cycling Walking Safer Routes (CWSR) grant awarded in previous years.
- **Grant - Road Safety Improvement Fund**
Grant of £0.129m has been secured from the Scottish Government to further support road safety measures. The income and corresponding expenditure have been added to the programme.
- **Grant – Placed Based Improvement Programme**
The Scottish Government has suspended current year funding for this initiative. The grant income available during the current year has been reduced by £0.385m. This issue is the subject of a separate report to this Cabinet meeting.
- **Developer Contributions**
On 15th August 2024, Cabinet approved the installation of a hard games court at Crookfur Primary School and the provision of additional dining facilities at Eastwood High School. Both projects are funded by Developer Contributions, which have been received. In line with this decision, the drawdown of Developer Contributions to support the programme in the current year has been increased by £0.260m.

EXPENDITURE MOVEMENTS

9. The estimated expenditure has reduced by £0.039m below the level reported to Council on 26 June 2024. The main expenditure movements are as follows:

Property, Schools

- **Mearns Castle High School Extension**
This is a large project which will span a number of years covering internal alterations to the existing building, as well as an extension. Work in the current year is limited to the internal alterations and fees on the extension work. Based on the latest information, expenditure in the current year has been reduced by £0.150m. The total cost remains unchanged.
- **Maidenhill Primary School Extension**
This project is progressing through the various design stages. Based on latest information, the estimated total cost of the project has been increased by £0.526m. The increased cost will be fully funded by Developer Contributions. Estimated expenditure in the current year is unchanged.
- **Crookfur Primary School Games Area**
On 15 August 2024, Cabinet approved a hard games court at the school which will be fully funded from Developer Contributions already received. In line with this decision, expenditure of £0.180m has been added to the programme.
- **Eastwood High School Dining Area**
On 15 August 2024, Cabinet approved additional dining provision at the school which will be fully funded from Developer Contributions already received. In line with this decision, a total expenditure provision of £0.600m has been added to the programme. Estimated expenditure in the current year is £0.080m.

Property, Culture & Leisure

- **Eastwood Park Leisure**
Within the monitoring report submitted to Council on 26 June, 2024, the projected outturn for this project was reduced by £2.666m. Based on the information available, the projected outturn has been reassessed and revised to £1.810m, an increase of £0.310m. The revised forecast remains lower than the original approved budget for the current year of £4.166m and the total cost remains unchanged.

Property, Other

- **Purchase of Additional Housing Units (Homelessness)**
As noted in paragraph 8 of this report, expenditure of £1.000m for this project was approved by Council on 11 September 2024. This will be funded from the Capital Reserve. The income and expenditure have been added to the programme in the current year.
- **Property Maintenance – Ventilation Works**
In order to minimise disruption to the Education service, this work needs to be rescheduled around the school term. While a number of projects will be progressed this year, future contracts will, in the main, be deferred to next year. As such, costs in the current year have been reduced by £1.000m. Total costs remain unchanged.

- Thornliebank Depot Sub Station
Expenditure in the current year is likely to be limited to preliminary and survey works, with the main installation works deferred to next year. Expenditure in the current year has been reduced by £0.375m.

Open Spaces

- Place Based Investment Programme
As outlined in paragraph 8 of this report, the Scottish Government has suspended current year funding for this initiative. Consequently, projected expenditure in the current year has been reduced by £0.385m.
- Artificial Pitch Improvements
Two large schemes at Eastwood and St Luke's High Schools have been delivered this year. These schemes were originally planned for 2023/24 but deferred in light of the constraints of the revised annual budget (now £0.400m per annum). Unused budgets in previous years have been combined with the current provision to progress this work. Planned expenditure in the current year has been reduced by £0.383m and this will be carried forward to assist with next year's schemes.

Roads

- Road Safety Improvement Funds
As outlined in paragraph 8 of this report, new funding of £0.129m has been secured to support road safety measures in the area. A corresponding expenditure provision has been added to the programme.
- Active Travel Infrastructure Fund (formerly Cycling, Walking and Safer Streets)
As noted in paragraph 8 of this report, grant funding of £0.672m has been awarded as part of the general capital grant. A corresponding expenditure provision has been added to the programme.

Council Wide ICT

- IT General Provision
The migration to the new Scottish Wide Area Network (SWAN2) is scheduled to start during February 2025 and continue into the next financial year. The revised provision reflects both this timescale and the estimated IT work plan for the year ahead. Expenditure in the current year has been reduced by £0.200m. This provision will be required during 2025/26 to fund the works on the SWAN2 project.

Fleet

- Education Vehicles
Following a review of the condition and age of the current vehicles, and taking into account service requirements, two further buses have been ordered. Delivery is expected this financial year and projected expenditure has been increased by £0.127m. The revised level of expenditure during the current year is within the original approved estimate and the total cost remains unchanged.

COMMENT

10. The projected shortfall of £0.215m represents 0.4% of the resources available and is within manageable limits.
11. The projected expenditure figure of £53.468m significantly exceeds the actual outturn achieved during the previous financial year (£42.446m). A number of projects are scheduled to start on site later this financial year and the actual expenditure is dependent on the completion of the procurement process and the progress achieved by the successful contractors, which itself may be impacted by weather conditions. The projected outturn of £53.468m is an ambitious target given the programme is being managed by a similarly constrained level of staff resource as in previous years. Also, recent experience of tender returns has necessitated several re-tendering exercises and review of scheme designs. Consequently, further reductions in the projected outturn are possible as the year progresses and more clarity is provided on individual projects.

PARTNERSHIP WORKING

12. This report has been prepared following consultation with appropriate staff from various departments within the Council, including Property and Technical Services and Information Technology.

RECOMMENDATIONS

13. The Cabinet is asked to recommend that Council:
 - note and approve the movements within the 2024/25 programme; and
 - approve the use of Developer Contributions to fully fund the estimated £0.526m increase in the total budget for the Maidenhill Primary School Extension; and
 - note the shortfall of £0.215m and that income and expenditure on the programme will be managed and reported on a regular basis.

Further information is available from Paul Parsons, Principal Accountant – Capital, telephone 07741 701 451.

Kirsty Stanners
Head of Finance
KS/PP
16 October, 2024

GENERAL FUND CAPITAL PROGRAMMEPROGRESS REPORT2024/2025

	ANNUAL COSTS £'000			TOTAL COST £'000		
	CURRENT YEAR APPROVED COUNCIL 26.06.24	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE TO 30 JUNE 2024	SPENT PRIOR TO 31.03.24	PREVIOUS TOTAL COST	REVISED TOTAL COST
Property - Schools	9,779	9,889	716	69,948	91,655	92,961
Property - Culture & Leisure	2,217	2,527	777	5,208	76,673	76,673
Property - Other	8,645	8,330	1,301	13,922	44,432	45,432
Open Spaces	4,011	3,265	105	8,050	13,907	13,929
Roads	20,997	21,754	3,481	6,016	28,687	29,488
Corporate Wide - ICT	5,379	5,139	736	6,909	13,104	13,104
Fleet	2,479	2,564	0	10	3,270	3,270
TOTAL	53,507	53,468	7,116	110,063	271,728	274,857