

EAST RENFREWSHIRE COUNCILCabinet5 October 2023Report by the Chief Financial OfficerGENERAL FUND CAPITAL PROGRAMME**PURPOSE OF REPORT**

1. The purpose of this report is to monitor both income and expenditure as at 30 June 2023 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 2023/24 programme;
  - approve the transfer of £0.275m from Property Maintenance to St John's PS, Early Learning and Childcare Places; and
  - note shortfall of £0.180m 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 2023-2033 was approved by Council on 1 March 2023.
4. Movements on the 2023/24 programme were approved by Council on 28 June 2023, 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 2024.
6. As highlighted in previous reports, in general, construction costs are rising faster than general inflation due to shortages of materials and labour and also due to bidders factoring in additional risk in their pricing.
7. Consequently, we are constantly monitoring project expenditure so that additional cost pressures on key projects can be covered by deferring or reducing other projects to compensate. Where we have 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 year.

**CURRENT POSITION**

8.	Total anticipated expenditure (Appendix A)	£58.740m
	Total anticipated resources (Appendix B)	<u>£58.560m</u>
	Shortfall	<u>£ 0.180m</u>

**INCOME MOVEMENTS**

9. The main income movements are as follows: -

- **Borrowing**  
Since the June Cabinet report, borrowing has been reduced by £10.500m due to timing variances in expenditure and other adjustments noted below.
- **General Capital Grant Including Free School Meals**  
Grant of £0.121m awarded through the 'Edinburgh Process' strand of the Nature Restoration Fund has been added to the programme. This results in a total General Capital Grant of £5.583m and reflects the latest information from the Scottish Government.

A further £1.443m is included within the programme, to fund works associated with the expansion of Free School Meals. This is a provisional amount and is subject to confirmation from the Scottish Government. Any changes will be included in future monitoring reports.

- **Inspiring School Age Childcare Spaces Programme**  
The Council has been awarded £0.150m of Scottish Government grant funding. This money will fund expenditure linked to further child spaces at Hillview, Arthurlie and Carlibar Primary Schools.
- **Active Travel Transformation Fund**  
The Council has also secured grant income of £0.950m from Transport Scotland's Active Travel Transformation Fund. This is specifically to fund further construction and improvement works within the A77 active corridor during 2023/24.
- **Road Safety Improvement Fund**  
Grant of £0.121m has been secured from the Scottish Government to further support road safety measures.
- **Sustrans funding – Lavern Valley Accessibility (Aurs Road) Project**  
This was the subject of a separate report submitted to Council on 13<sup>th</sup> September 2023. Transport Scotland cannot now guarantee the carry-over of unused grant to future financial years and the Council must submit an application each year for further grant funding. The maximum grant available to support the project is 70% of expenditure. Previously this funding had been scheduled for 2024/25 in line with the majority of expenditure on the project. However in order to minimise the financial risk to the Council the drawdown will be accelerated to 2023/24 (current year) and consequently £2.9m has been included within the current programme. The position regarding Sustrans funding will become more clear in 2024/25 and updates will be included in future monitoring reports.

- **Scottish Government Grant - White Cart Tributaries**  
The Council has been awarded £0.126m in relation to the White Cart Tributaries project. This will be used to improve river status and improve environmental outcomes as noted in the expenditure section below.
- **Lawn Tennis Association**  
Grant of £0.118m has been secured to refurbish the existing tennis courts within Cowan Park.
- **Revenue Contribution to Capital Funding - St Ninian's Wellbeing Hub**  
A contribution of £0.206m from the school's Devolved Management reserve will be used to fully fund these improvement works.

## EXPENDITURE MOVEMENTS

10. The estimated expenditure has reduced by £5.790m below the level reported to Cabinet on 30 June 2023. The main expenditure movements are as follows:-

### Property, Schools

- **Neilston Learning Campus**  
Expenditure in the current year has been reduced by £0.700m. This represents the estimated element of contingency budget which will be deferred to the financial year 2024/25. The total cost remains unchanged.
- **Inspiring School Age Childcare Spaces Programme**  
As outlined in paragraph 9 of this report, newly secured monies of £0.150m from the Scottish Government will support new capital improvements at Hillview Arthurlie and Carlibar Primary Schools.
- **New Build of Poor Condition Primary Schools**  
Progress on these projects is dependent on the award of financial support from the Scottish Government through the Learning Estate Investment Programme Phase 3. While the application for support was submitted last year, notification of the outcome remains outstanding. In light of the delayed confirmation of funding, anticipated expenditure during 2023/24 has been reduced by £1.725m with any cost this year likely to be limited to initial design and preliminary works associated with the project. The provision for these works included in the programme is £0.500m, however, this will be reviewed over the remainder of the current financial year. Total project cost remains unchanged.
- **St Ninian's Wellbeing Hub**  
As outlined in paragraph 10 of this report, £0.206m of improvement works have been added to the programme.

### Property, Culture & Leisure

- **Neilston Leisure**  
This project remains as the feasibility stage with only initial works likely to progress this year. Consequently, current year costs have been reduced by £0.999m. Total project costs remain unchanged.

### Property, Other

- **City Deal – Barrhead South Access, Balgraystone Rd & Railway Station**  
As previously reported, while the project is progressing, no significant expenditure will be incurred until formal unconditional approval of the STAG2 (Strategic Transport Analysis Guidance) report is received from Transport Scotland and the business case approved by City Deal. The continuing delays with STAG2 approval endorsement in particular mean that a prudent view of spend in the current year is appropriate, and the estimated expenditure in the year has been reduced by a further £2.483m.
- **Crookfur and Overlee Pavillions: Upgrades to Changing Areas**  
Both these projects were progressed as part of a wider programme of works including the Early Learning and Childcare expansion project with the total value exceeding £28m. Both projects are now complete and the process to agree the final payments on the total project is being progressed. Provision for these payments has been made within the previous year's accounts to cover these payments with resulting savings of £0.105m for the Crookfur project and £0.216m for the Overlee project.

### Open Spaces

- **White Cart Tributaries**  
As outlined in paragraph 9 of this report, Scottish Government grant funding for this project area has increased by £0.126m. This is to support works to modify a weir to improve the river status and improve biodiversity outcomes. It is anticipated that full spending of this income stream will be achieved in the current financial year.
- **Regeneration Projects – Provisional Sums**  
A new bid has been made to the Scottish Government's Regeneration Capital Fund which will require a significant contribution from Council funds to be successful, normally £0.250m. The outcome will not be known until late in the current financial year and, as a result, associated project costs will not be incurred until the next financial year. This is the principal factor causing a reduction of £0.283m in project costs in the current year.
- **Environment Task Force, Town Centre Action, Town Centre Regeneration, Giffnock Town Centre Improvements and Other Public Realm Projects**  
  
The Council is reviewing use of the budget for these projects and considering links to other regeneration plans. It is envisaged that the current year budgets for these projects will help to support improvements identified within local action plans in 2024/25. A separate report will be presented to Cabinet regarding these plans. Therefore the combined expenditure of these projects of £0.200m has been deferred until the next financial year.
- **Nature Restoration**  
As outlined in paragraph 9 of this report, additional income of £0.121m has been awarded through the Scottish Government's general capital grant. Expenditure in the year has been increased accordingly.

- Cowan Park Tennis Courts  
As outlined in paragraph 9 of this report, new funding of £0.118m has been secured to refurbish the existing tennis courts within Cowan Park. Work is in progress to complete these works, with full spend anticipated in the current financial year.

### Roads

- Lavern Valley Accessibility Project (Aurs Road)  
This project was the subject of a separate report to Council on 13<sup>th</sup> September 2023. The tender process for these works is in progress with the estimated start date now early 2024. The revised estimate of expenditure incurred this financial year has increased by £0.327m above the level reported to Council during June 2023. However this is still significantly below the original approved estimate for the year (£16.503m).
- A77 Active Corridor Phase 2  
As outlined in paragraph 9 of this report, new funding of £0.950m has been secured to support the construction of active travel infrastructure within the A77 corridor. These works are in progress with expenditure on the current scheme estimated at £0.700m. Further works to the value of £0.250m are being designed and are subject to formal approval by Transport Scotland before being progressed.
- Road Safety Improvement Funds  
Also, as outlined in paragraph 9 of this report, new funding of £0.121m has been secured to support road safety measures in the area. A number of relatively small scale works have been identified and an expenditure provision of £0.121m has been added to the programme.

### Council Wide ICT

- Full Fibre Digital Transformation  
This project involves the replacement of the wide area network at most Council locations including schools. Implementation works are in progress and all available resources will be used to maximise delivery to the various sites involved. Nonetheless it is likely that the work will continue into the next financial year. Anticipated costs during 2023/24 have therefore been reduced by £0.142m, representing a relatively small amount of the total budgeted expenditure figure. The total project cost remains unchanged.

### Fleet

- Education & Environment Vehicles  
There is a significant lead-in time between ordering and receiving the large, specialist vehicles required. While orders have been placed for replacement vehicles they will not all be delivered before the financial year-end. In addition an age and condition assessment of the existing vehicles is also considered prior to placing the order for a replacement. In light of these factors anticipated expenditure in the current financial year has been reduced by £0.293m for Education vehicles and £0.555m for Environment. This expenditure has been deferred to future years and is not a saving.

Transfer

- Property Maintenance, Boiler & Roofing Works to Property Schools, St John's PS Early Learning & Childcare Places  
The St John's building requires a wide range of works to accommodate increased nursery spaces together with roof improvements. In order to minimise disruption to the service and assist with the management of the project the work will be covered by one contract. As a consequence, it is proposed to transfer £0.275m from the Property Maintenance budget to the St John's project to cover the roofing element of the works.

**COMMENT**

11. The projected shortfall of £0.180m represents 0.31% of the resources available and is within manageable limits.
12. The projected expenditure figure of £58.740m significantly exceeds the actual outturn achieved during the previous financial year (£32.075m). 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. While comparing overall expenditure levels to date with those in previous years supports an increased level of capital expenditure in the current year, the £58.740m remains an ambitious target given the programme is being managed by a similar level of staff resource as previous years. Consequently further reductions in the projected outturn are likely as the year progresses and more clarity is provided on individual projects.

**PARTNERSHIP WORKING**

13. 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**

14. The Cabinet is asked to recommend that Council:-
  - note and approve the movements within the 2023/24 programme;
  - approve the transfer of £0.275m from Property Maintenance to St John's PS, Early Learning and Childcare Places; and
  - note shortfall of £0.180m 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.

Margaret McCrossan

Head of Accountancy Services (Chief Financial Officer)  
MMcC/PP  
20 September, 2023

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**GENERAL FUND CAPITAL PROGRAMME**

**PROGRESS REPORT**

**2023/2024**

	<b>ANNUAL COSTS £'000</b>			<b>TOTAL COST £'000</b>		
	<b>CURRENT YEAR APPROVED AT 28.06.23</b>	<b>PROJECTED OUTTURN FOR CURRENT YEAR</b>	<b>ACTUAL EXPENDITURE TO 30 JUNE 2023</b>	<b>EXPENDITURE PRIOR TO 31.03.23</b>	<b>PREVIOUS TOTAL COST</b>	<b>REVISED TOTAL COST</b>
Property - Schools	28,463	26,654	2,848	55,404	177,549	178,180
Property - Culture & Leisure	4,253	3,211	128	3,937	68,337	68,337
Property - Other	10,766	7,612	82	14,485	43,249	42,653
Open Spaces	2,747	2,629	279	6,562	10,965	11,330
Roads	10,011	11,399	868	14,902	38,235	39,296
Corporate Wide - ICT	5,694	5,487	222	6,698	13,837	13,837
Fleet	2,596	1,748	-	9	2,605	2,605
<b>TOTAL</b>	<b>64,530</b>	<b>58,740</b>	<b>4,426</b>	<b>101,997</b>	<b>354,777</b>	<b>356,238</b>

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