

**PERTH AND KINROSS COUNCIL**

**STRATEGIC POLICY AND RESOURCES COMMITTEE**

**17 April 2019**

**COMPOSITE CAPITAL BUDGET 2018/28 & HRA CAPITAL INVESTMENT  
PROGRAMME 2018/23 – MONITORING REPORT NUMBER 4**

**Report by Head of Finance(Report No. 19/111)**

**PURPOSE OF REPORT**

This report provides a summary position to date for the 10 year Composite Capital Programme for 2018/19 to 2027/28 and the 5 year HRA Capital Investment Programme 2018/19 to 2022/23, and seeks approval for adjustments to the programmes.

**1. BACKGROUND / MAIN ISSUES**

- 1.1 At its meeting on 6 February 2019, the Committee approved a revised ten-year Gross Composite Capital Budget for 2018/19 to 2027/28 totalling £648,125,000 (report 19/37 refers). The Committee also approved a revised five year HRA Capital Investment Programme for 2018/19 to 2022/23 totalling £58,672,000. In addition, at its meeting on 20 February 2019, the Council approved a new 10 year Composite Capital Budget to 2028/29 (report 19/47 refers). This included some amendments to the current 10 year programme to 2027/28 which are relected within this report. Monitoring of the 2028/29 approved budget will be included in subsequent reports to this Committee.
- 1.2 This report advises on expenditure to 28 February 2019 and the latest estimate of the projected outturn for each of the years to 2027/28 for the Composite Programme and to 2022/23 for the HRA Capital Investment Programme.
- 1.3 The Capital Programme Exceptions Report (Appendix IV) provides summary information on the latest position for individual projects reported within Sections 3 and 4 of this report.

**2. COMPOSITE CAPITAL PROGRAMME – CAPITAL RESOURCES**

- 2.1 The budget approved by the Council on 20 February 2019 included various amendments to the resources within the current programme. These are now included in the Approved Budget Adjustment Column for each year to 2027/28, shown at Appendix II. These amendments can be summarised as follows.
  - Creative Exchange – the assumed Third Party Contribution of £1,000,000 from the Tay City Deal in 2018/19 has been removed.
  - General Capital Grant – the total amount of grant included from the Scottish Government across all years has increased by £1,308,000 overall, of which £1,180,000 relates to the Flood Protection schemes and £128,000 is for the general programme.
  - Ring Fenced Grant – an additional £5,000 has been included for the Cycling Walking & Safer Street programme

- As a result of all the adjustments relating to the budget approved by the Council on 20 February 2019, borrowing has increased by £10,220,000 in the current programme. Of this, £2,497,000 is Prudential Borrowing on the Street Lighting LED & Column Replacement Programme, £1,400,000 was included as additional borrowing as part of the Budget Motion and the balance of £6,323,000 was accelerated from 2028/29 to earlier years.

2.2 The current estimated total gross capital resources available over the ten years 2018/19 to 2027/28 amount to £660,766,000. Movements from the revised Budget approved on 6 and 20 February 2019 are summarised in the table below, and the constituent elements for each year are shown at Appendix I.

	Total Composite Capital Resources			
	Approved 6 Feb 2019	Approved Adjustments 20 Feb 2019	Current Estimate	Movements per this Report
	£'000	£'000	£'000	£'000
<b>2018/19</b>	63,656	168	57,516	(6,308)
<b>2019/20</b>	73,701	670	78,536	4,165
<b>2020/21</b>	117,787	3,487	120,337	(937)
<b>2021/22</b>	128,678	3,705	137,916	5,533
<b>2022/23</b>	111,857	361	111,962	(256)
<b>2023/24</b>	47,008	185	46,744	(449)
<b>2024/25</b>	27,570	190	27,786	26
<b>2025/26</b>	26,827	575	27,456	54
<b>2026/27</b>	26,450	589	27,277	238
<b>2027/28</b>	24,591	603	25,236	42
<b>Total</b>	<b>648,125</b>	<b>10,533</b>	<b>660,766</b>	<b>2,108</b>

2.3 The movement in the Gross Resources at Section 2.2 above which relate to this report can be summarised as follows:

	£'000
Increase in Third Party Contributions (Section 2.4)	11
Increase in Ring Fenced Capital Grant (Section 2.4)	1,983
Increase in General Capital Grant (Section 2.4)	43
Increase in Capital Receipts (Section 2.5)	96
Increase in Resources c/f to future years (Section 2.5)	(6)
Decrease in Borrowing Requirement (Section 2.6)	(19)
<b>Increase in Gross Capital Resources (Section 2.2)</b>	<b>2,108</b>

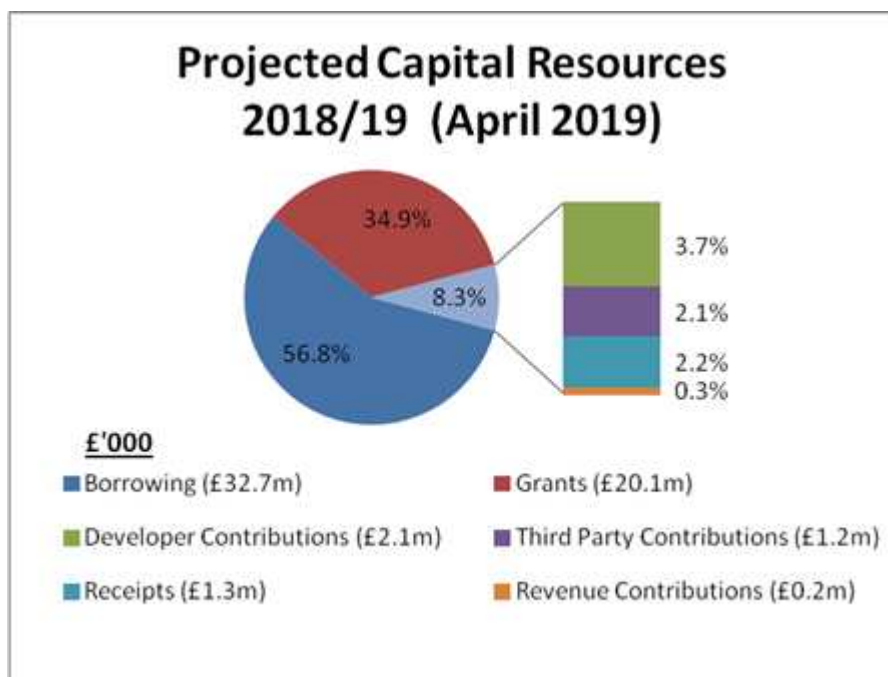
2.4 The Increase in **Third Party Contributions** relates to an extra Contribution of £11,000 from the Forestry Commission within Structural Maintenance (Section 3.4.3). The increase in **Capital Grants** relates to the allocation of **ring-fenced grant** of £1,983,000 from the Town Centre Fund awarded by the Scottish Government for 2019/20 (Section 3.4.9) whilst the **General Capital Grant** allocated by the Scottish Government in the final settlement for 2019/20 received on 7 March 2019 has increased by £43,000. In addition, there is a proposed movement of £109,000 in Grant applied to the Revenue Budget relating to TACTRAN between 2018/19 and 2019/20.

2.5 Following a review of **Commercial Property Receipts**, there has been some rephasing of anticipated receipts across the years, together with an increase of £96,000 in the estimated value of receipts. In addition, due to the increase in proposed Commercial Property expenditure of £90,000 (Section 3.4.12) the level of **receipts carried forward** to future years on the Commercial Property Investment Programme has increased by £6,000.

2.6 The projected **Borrowing Requirement** in 2018/19, which is effectively the balancing item for resources, is £32,672,000, which is £6,062,000 lower than the Borrowing Requirement approved on 6 and 20 February 2019. The total Borrowing Requirement in the subsequent years 2019/20 to 2027/28 has increased by £6,043,000 to £357,250,000, resulting in an overall **decrease** of £19,000 across the whole ten year programme. This is after allowing for the proposed accelerated borrowing of £100,000 to be brought forward from the approved budget for 2028/29 on 20 February 2019. All movements in the Borrowing Requirement are shown in the Proposed Budget Adjustment column within Appendix II, and summarised in the table below:

	2018/19	2019/20	2020/21	Later Years	Total
	£'000	£'000	£'000	£'000	£'000
(Increase)/Reduction in General Capital Grant (Section 2.4)	(109)	66	0	0	(43)
Accelerated Borrowing on the Traffic Signal Renewal programme from 2028/29 (Section 3.4.3)	32	173	(18)	(87)	100
(Reduction) in Borrowing on The Housing & Environment Services Prudential Borrowing Programme (Section 3.4.13)	(76)	0	0	0	(76)
Net Movements arising from re-phasing of other expenditure and receipts (Appendix II)	(5,909)	1,553	(919)	5,275	0
<b>Increase/(Decrease) in Borrowing Requirement</b>	<b>(6,062)</b>	<b>1,792</b>	<b>(937)</b>	<b>5,188</b>	<b>(19)</b>

2.7 The chart below shows the projected Capital Resources required to fund the 2018/19 Composite Capital Programme following the proposed budget adjustments detailed throughout this report.



### 3. COMPOSITE CAPITAL PROGRAMME – EXPENDITURE

#### 3.1 Budget Adjustments to the Current Programme

3.1.1 The budget approved by the Council on 20 February 2019 includes some amendments to budgeted expenditure in the current programme. These are included in the Approved Budget Adjustment Column for each year to 2027/28 shown at Appendix II and can be summarised as follows:

- Blairgowrie Recreation Centre – the budget has increased by £400,000 in order to provide a six lane swimming pool and additional multi gym facilities.
- Schools Road Safety Measures - £1,000,000 phased over the three years 2019/20, 2020/21 and 2021/22.
- Perth Bridges - £5,204,000 phased over the years 2019/20, 2020/21 and 2021/22, for strengthening the Old Perth Bridge (£2,575,000) and the Queens Bridge (£2,629,000).
- Flood Protection Schemes – an additional £427,000 in total for the 4 approved schemes to meet the latest projected costs. In addition, a further £1,000,000 was approved for the Comrie Flood Protection scheme.
- LED Street Lighting & Column replacements – a total of £2,497,000 was allocated over the years 2021/22 to 2027/28, funded by Prudential Borrowing.

#### 3.2 Total Expenditure to 28 February 2019 on the Current Programme

3.2.1 For the current year, actual expenditure to date (net of grants and contributions) to 28 February 2019 on the Composite Capital Programme amounts to £34,297,000, which is detailed at Appendix II and can be summarised as follows:

	<b>Gross Expenditure to 28 Feb 2019</b>	<b>Ring Fenced Grants &amp; Contributions to 28 Feb 2019</b>	<b>Net Expenditure to 28 Feb 2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Education and Children's Services	5,533	(4,881)	652
Housing & Environment	31,885	(961)	30,924
Health and Social Care	348	0	348
Corporate & Democratic Services	2,373	0	2,373
<b>Total</b>	<b>40,139</b>	<b>(5,842)</b>	<b>34,297</b>

3.2.2 Net Expenditure to date for Education and Children's Services in the current year is distorted by the inclusion of £4,800,000 of grant funding received in August 2018 from the Scottish Government for Early Learning & Childcare expansion.

3.2.3 General Capital Grant received to 28 February 2019 amounts to £15,428,000 and capital receipts amount to £2,326,000. Therefore, the borrowing requirement to 28 February 2019, after allowing for the movement in receipts brought forward of £776,000 and carried forward of £2,222,000 (Appendix II), totals £17,989,000.

- 3.2.4 A comprehensive monitoring exercise has been carried out, which is detailed at Appendix II. The most significant features are discussed below.

### **3.3 Education and Children's Services**

- 3.3.1 The Executive Director (Education & Children's Services) has reviewed the programme for their Service and proposes the following budget adjustments.
- 3.3.2 Within the Early Learning & Childcare expansion programme, the projects remain on course for commencing in 2019/20, however, there are proposed movements between 2018/19 and 2019/20. Accordingly, it is proposed to rephase the budgets in line with the latest profile of expenditure. As part of the St. Ninians Primary School Upgrade project there is to be a further investment of £647,000 in the project in 2019/20 as a result of taking the opportunity to undertake additional infrastructure works. It is proposed that this is funded by drawing-down funds from the Investment in Learning Estate budget in 2019/20.
- 3.3.3 The Education & Children's Services programme includes 2 projects for works at Perth Academy, relating to the new sports facilities and school refurbishments. In order to streamline the procurement process and the planning of the works, it is proposed that the budgets for both these projects are combined into a single budget. These movements have been included in Appendix II.
- 3.3.4 For the Perth High School New Build project, it is proposed to bring forward £151,000 to 2018/19 and £1,500,000 to 2019/20 from future years to meet fees and investigations works on the new school project. There are costs of £368,000 for the existing Perth High School building in the current year which are budgeted in the Revenue Budget. As the costs relate to capital expenditure it is proposed that they are transferred to the capital budget and met from the Investment in Learning Estate in 2019/20. These works are essential to ensure the continued safe operation of the school building until the replacement school has been completed.
- 3.3.5 After the completion of upgrade projects at Alyth, Kinross and Tulloch primary schools, underspends have been identified from the projects in 2018/19 of £43,000, £140,000 and £400,000 respectively. It is proposed that these underspends are returned to the Investment in the Learning Estate budget in 2021/22.
- 3.3.6 In addition, there are various other small adjustments between years to match the current anticipated expenditure. All of these adjustments have been included at Appendix II.

### **3.4 Housing & Environment**

- 3.4.1 The Executive Director (Housing & Environment) has reviewed the programme for their Service and proposes various budget adjustments, the most significant of which are described below.
- 3.4.2 Within the Traffic and Road Safety programme, there are some proposed movements in budgets between years. These include £91,000 on the Car Parking Investment project in Auchterarder moving from 2018/19 to 2019/20 as a result of delays in concluding land negotiations, whilst it is proposed to accelerate £100,000 for the Strathmore Cycle Network from 2020/21 to 2019/20 to co-ordinate with the works being undertaken by the Community Development Trust.

- 3.4.3 Within Structural Maintenance, there is an increase in Third Party Contributions due to additional grant funding of £11,000 received in 2018/19 from the Forestry Commission for the continued enhancement of strategic timber routes. It is, therefore, proposed to increase the amount available under the programme by £11,000. In addition, due to the additional funds allocated to Structural Maintenance in June 2018, the full programme of works has not been able to be progressed and, therefore, it is proposed to rephase £1,016,000 from 2018/19 to 2019/20. There are also delays in progressing with the works within the Road Safety Barriers programme as a result of the requirement to coordinate the works with Network Rail. Therefore, it is proposed to move £56,000 of expenditure and £18,000 of Contributions from 2018/19 to 2019/20. However, within the Traffic Signal Renewals programme it is proposed to accelerate £32,000 to 2018/19 and £173,000 to 2019/20 to progress the current planned programme of works. It is further proposed that these resources are brought forward from 2020/21 (£18,000), 2027/28 (£87,000) and 2028/29 (£100,000). As this report doesn't include 2028/29, this proposed adjustment will be incorporated into future monitoring reports later this year.
- 3.4.4 Within the Bridges programme there are adjustments proposed to the Dalhenzean and Dunkeld Golf Course Culverts due to rephasing of ground investigation works. It is, therefore, proposed to rephase £30,000 and £31,000 of the expenditure respectively, from 2018/19 to 2019/20. In addition, Pitcur and West of Fearnan Culverts works have been concluded and there are small adjustments reflecting the estimated final costs of the schemes included within Appendix II.
- 3.4.5 Within the A9/A85 Road Improvements Scheme, £300,000 of maintenance expenditure has been identified which requires to be charged to Revenue in accordance with proper accounting practice. It is, therefore, proposed to transfer this to the Revenue Budget in 2018/19, with a corresponding transfer of £300,000 from the Revenue Budget relating to capital expenditure on Road Safety Projects to the Capital Budget in 2019/20.
- 3.4.6 Also within the Improvement Schemes programme, it is proposed to accelerate £25,000 to 2018/19 for the Perth Transport Futures project. In addition, it is proposed to rephase £77,000 of the budget for the Brioch Road Realignment, together with the Developer Contribution of £82,000, from 2018/19 to 2019/20, whilst consultations with the community are ongoing.
- 3.4.7 The Almondbank Flood Protection scheme is now operational and the Council is in the final stages of negotiations with landowners. The potential impact of these negotiations will be reflected in the 2018/19 Annual Accounts. Any adjustment to the final cost of the Scheme will be reported to a future meeting of the Strategic Policy & Resources Committee. It is also proposed to realign the budgets on the other schemes within the Rural Flood Mitigation programme in line with the most recent expenditure estimates received from the schemes consultant.
- 3.4.8 The works at St. Pauls Church within the Place-making programme are progressing in line with the programme of works and it is proposed to move £1,191,000 from 2018/19 to 2019/20. In addition, a review of the Lighting Action Plan has resulted in a proportion of expenditure being rephased to future years, as a result of planning requirements, consultation and linking the phasing to other projects. It is also proposed to move £40,000 from 2018/19 to 2019/20 on the City Greening project which is due to be delivered early in the new financial year.

- 3.4.9 On 1 March 2019, the Scottish Government announced the allocation of the ring-fenced £50,000,000 Town Centre Fund, of which Perth & Kinross Council will receive £1,983,000 in 2019/20. The purpose of the Fund is to stimulate economic activity and improvements in town centres, supporting diverse and sustainable growth to make town centres more vibrant and accessible. The grant and related expenditure by the Council have been included in Appendix I and II of this report. The detail of the proposed expenditure is, however, still to be developed and specific proposals will be reported to the Environment and Infrastructure Committee, with any budget implications reported to this Committee. It is also proposed to accelerate £292,000 from 2019/20 to 2018/19 on the Creative Exchange project to meet the updated expenditure profile in the current year as the project progresses.
- 3.4.10 As a result of the limited number of contractors to undertake the works on Play Area Improvements, it is proposed to transfer £155,000 from 2018/19 to 2019/20. This represents only a small delay, with much of the work expected to be undertaken early in the new financial year. Similarly, there has been a delay on concluding land transactions within the Cemetery Extensions programme, and it is proposed to transfer £112,000 from 2018/19 to 2019/20.
- 3.4.11 It is proposed to move a proportion of the budgeted expenditure within the Property Services programme from 2018/19 to 2019/20. This relates to DDA Adaptation Works (£35,000), Capital Improvements (£432,000) due to the rephasing of various projects including boiler installations, and the rephasing of works at Pitlochry High school (£251,000) to allow the works to be scheduled after exam time.
- 3.4.12 Within the Commercial Property Investment Programme (CPIP), additional works to the road at North Muirton Industrial Estate at an estimated cost of £80,000 are required in order for the Council to adopt the road. In addition, a further £10,000 is required in order to adopt the road at Western Edge, Kinross. These costs will be funded from the receipts generated within the Commercial Property programme. There are also some further proposed movements between years which are reflected in Appendix II.
- 3.4.13 Within the Prudential Borrowing programme, it is proposed to reduce the Energy Conservation & Carbon Reduction Programme by £76,000 in 2018/19, leaving a budget of £142,000. The budget in future years is £150,000 each year, which represents the level of energy conservation works achievable which meet the required pay-back periods. This, therefore, reduces the amount of borrowing required within the programme. There are also various other proposed movements between years within the Prudential Borrowing programme including a proposed movement of £883,000 from 2018/19 to 2019/20 in respect of the Vehicle Replacement Programme as a result of specialised vehicles and equipment now expected to be delivered early in 2019/20.
- 3.4.14 All the above proposed adjustments, together with other smaller movements between financial years, have been reflected in Appendices I and II.

### **3.5 Health & Social Care**

- 3.5.1 As a result of additional works undertaken at New Rannoch Road to accommodate clients who formerly attended Lewis Place, it is proposed to increase the budget by £51,000. In addition, there has been an increase in costs in the Gypsy Travellers Sites budget of £15,000 as a result of additional work being undertaken. It is proposed that both these costs are funded by transferring a total of £66,000 from the Housing with Care budget in 2018/19. It is also proposed to move the remaining £297,000 within Housing with Care from 2018/19 into 2019/20 in line with the latest schedule of works.
- 3.5.2 As a result of the new structure implemented within Housing and Environment and a revised schedule of works, it is proposed to rephase £229,000 from 2018/19 within Developing Supported Tenancies to 2019/20.

### **3.6 Corporate & Democratic Services**

- 3.6.1 The Deputy Chief Executive (Chief Operating Officer) has reviewed the programme for Corporate & Democratic Services and proposes the budget adjustments described below.

#### **Cultural Attractions**

- 3.6.2 Following the latest estimates received from the contractor, it is proposed to accelerate £180,000 from 2019/20 to 2018/19 on the City Hall project to reflect the proposed timing of works, particularly in relation to additional public realm surveys, service installations and diversions. In addition, future year's planned expenditure has been reviewed and it is proposed to smooth the expenditure profile in line with the latest estimates. These movements between future years are reflected in Appendix II.

#### **Information Systems & Technology**

- 3.6.3 Within the Council Contact Centre, it is proposed to accelerate £19,000 from 2019/20 into 2018/19 to fund the purchase of new call-centre telephone hardware and the development of existing auto-attendant software.
- 3.6.4 A review of the IT Infrastructure programme has been undertaken with a view to more accurately reflect the expenditure profile within future years. This has resulted in various small movements across the programme in future years which are reflected in Appendix II.
- 3.6.5 All the above proposed adjustments have been reflected in Appendices I and II.

### **4. HRA CAPITAL INVESTMENT PROGRAMME**

- 4.1 The current estimated expenditure, net of contributions, for the HRA Capital Investment Programme over the 5 years 2018/19 to 2022/23 amounts to £58,672,000. Movements from the previous estimates approved by this committee on 6 February 2019 are as follows, and are detailed in Appendix III:



	<b>Approved 6 Feb 2018</b>	<b>Current Estimate</b>	<b>Movement</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>2018/19</b>	19,096	17,638	(1,458)
<b>2019/20</b>	12,555	14,013	1,458
<b>2020/21</b>	9,552	9,552	0
<b>2021/22</b>	7,148	7,148	0
<b>2022/23</b>	10,321	10,321	0
<b>Total</b>	<b>58,672</b>	<b>58,672</b>	<b>0</b>

- 4.2 In addition, a further £28,256,000 of net expenditure has been approved for 2023/24 by the Housing & Communities Committee at its meeting on 23 January 2019 (report 19/12 refers). Monitoring of the 2023/24 budget will be incorporated into reports for 2019/20 as part of the overall monitoring of the HRA Capital Investment Programme for 2019/20 to 2023/24.

Total Expenditure to 28 February 2019 (HRA Capital Investment Programme)

- 4.3 Net expenditure for 2018/19 to 28 February 2019 amounts to £13,989,000 and receipts amount to £1,983,000, giving a borrowing requirement of £12,006,000 for the year to date.

	<b>Gross Expenditure to 28 Feb 2019</b>	<b>Ring Fenced Grants &amp; Contributions to 28 Feb 2019</b>	<b>Net Expenditure to 28 Feb 2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
HRA Capital Investment Programme	17,689	(3,700)	13,989

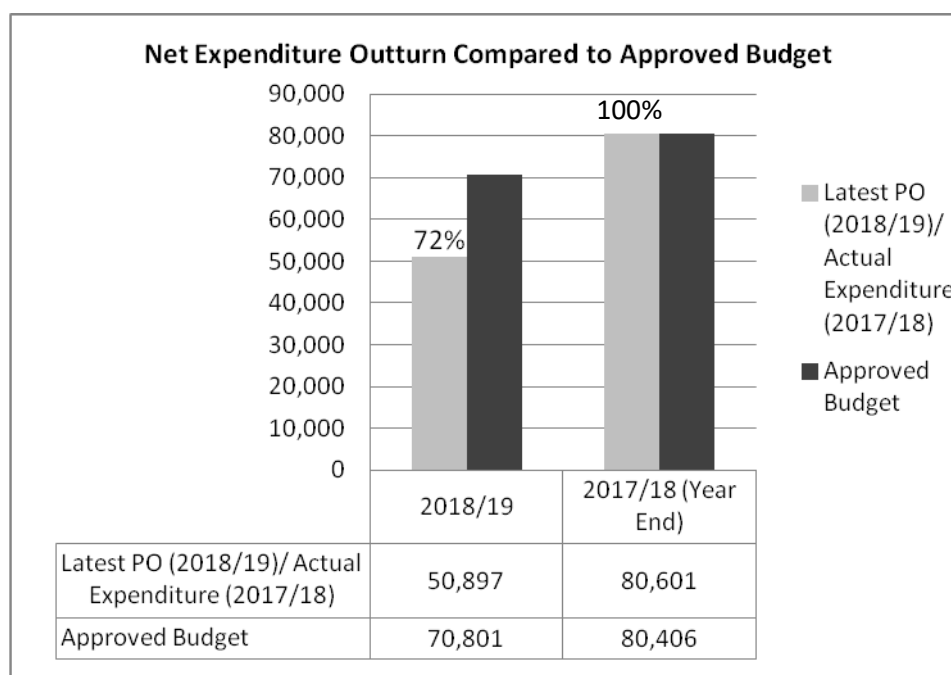
- 4.4 The Executive Director (Housing & Environment) has reviewed the HRA Capital Investment Programme and proposes the following budget adjustments which are included at Appendix III.
- 4.5 Within the New Build Developments programme, it is proposed not to progress the Invergowie New Build project at the earmarked site at Main Street, Invergowie. This reflects an ongoing review by the Health and Social Care Partnership into the needs and demands for specialised housing accommodation, as well as a rising cost per unit at this particular site. Consequentially, the following movements are proposed :-
- £740,000 of expenditure budgeted in 2018/19 to be rephased to 2019/20, of which £400,000 to be moved to the Future Developments New Build budget.
  - £100,000 of Council Tax Second Home income budgeted to be applied in 2018/19 to be rephased to 2019/20.
  - £295,000 of Scottish Government grant income in 2018/19 to be rephased to 2019/20.

- 4.6 Following the completion of the first phase of Council House New Builds at Linn Road, Stanley in March 2018, construction of Phase 2 of the development will commence in 2018/19. Total estimated Gross Expenditure on Phase 2 is £1,383,000 (£434,000 in 2018/19 and £949,000 in 2019/20), which is partially offset by Scottish Government Grant Income of £646,000 (£434,000 in 2018/19 and £212,000 in 2019/20) and Council Tax Second Home Income of £200,000 in 2019/20. It is, therefore, proposed to include the above budgets by moving £537,000 from Future Developments in 2018/19 to Linn Road, Stanley Phase 2 in 2019/20 in order to fund the balance of expenditure.
- 4.7 Further funding is also required at the New Build Development at Birch Avenue, Scone in order to fund additional electrically operated door openers in wheelchair adapted flats. It is proposed to fund these additional costs by moving £8,000 from the Future Developments budget to the Birch Avenue, Scone project in 2018/19. In addition, professional fees totalling £158,000 to date have been incurred in relation to the New Build Development on the site of the former Glebe Primary School in Scone. It is proposed to fund this expenditure by moving the balance of the Future Developments New Build budget in 2018/19 of £123,000 and a further £35,000 from the Future Developments budget in 2019/20.
- 4.8 Within the Future Developments New Build budget, it is proposed to move a further £41,000 from 2019/20 to the New Build, Milne Street, Perth development in 2018/19. This is due to additional professional fees in relation to planning, design and site investigations, as well as higher than anticipated land purchase fees.
- 4.9 As a result of continuing progress in purchasing ex-Council House homes to support affordable housing under the Council's Buy Back scheme, additional Scottish Government Grant Income of £70,000 will be received in 2018/19. In line with the current programme of Council House Buy Backs, it is proposed to increase the expenditure budget in 2019/20 by a corresponding amount.
- 4.10 The works have now been completed on the Garages and Lockups programme, and the outstanding contractor claim has been settled for less than budgeted. As a result, it is proposed to move £93,000 from Garages and Lockups to the Central Heating & Rewirings Works in 2018/19 in order to fund additional heating installation works identified within the programme.
- 4.11 Following a review of the Multi Storey Flats programme, it is proposed to move £150,000 from 2018/19 to 2019/20 to reflect the revised schedule of works and current priorities and demands. Works are continuing in 2018/19 in relation to the upgrading of the heating plant at Milne Court, Market Court and Lickely Court, Perth as well as controlled door entry replacements at Pomarium Flats, Perth with various smoke detector installations. In addition, due to delays in the anticipated start date of the redevelopment of Anchor House, Rannoch Road, Perth, it is proposed to rephase £120,000 from 2018/19 into 2019/20. This is mainly due to delays surrounding the design of the proposed roofing works.
- 4.12 Within the Major Adaptation to Council Stock programme, it is proposed to move £164,000 from 2018/19 to 2019/20 due to a review of the procurement strategy in relation to higher value adaptations. In addition, following a delay in the rollout of the Northgate Planned Maintenance model within the ICT expenditure programme, it is proposed to rephase £128,000 from 2018/19 into 2019/20 to reflect the revised programme of works.

- 4.13 In respect of budgeted Capital Receipts, as a result of continued progress on the sale of plots at the New Build Development at Muirton, it is proposed to accelerate £240,000 in expected receipts to 2018/19 from future years. A further sale under the New Shared Home Equity Scheme at Blackthorn Place, Blairgowrie has also concluded with proceeds of £98,000 received in this financial year rather than 2019/20.
- 4.14 The total Housing Investment Programme borrowing requirement as a result of all the above proposed adjustments over the five year period to 31 March 2023 remains unchanged from the position approved by this committee on 6 February 2019 (report 19/37 refers).

## 5. BUDGET OVERVIEW

- 5.1 The Composite Capital Budget approved on 6 and 20 February 2019 has been reviewed and updated to reflect the latest monitoring.
- 5.2 The latest projected 2018/19 net expenditure outturn for the Composite Capital Programme represents 72% of the 2018/19 budget approved on 20 June 2018:

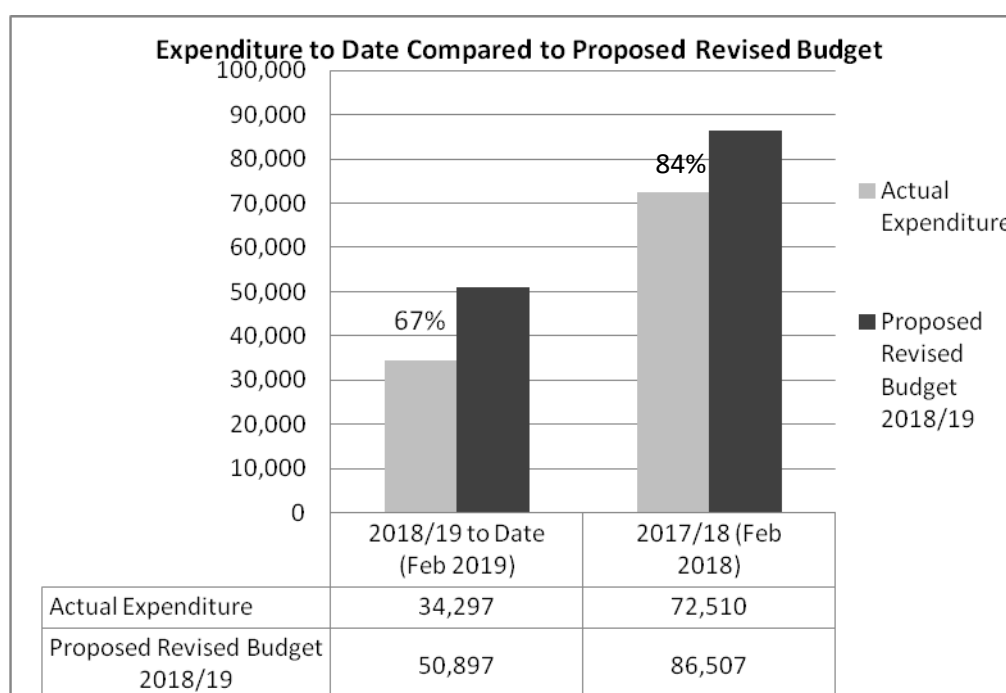


- 5.3 This difference is a result of the proposed budget adjustments included within this report, together with the movements previously approved by this committee since 20 June 2018. The most significant adjustments within this report relate to the re-phasing of budgets between financial years and are listed below :
- St Pauls Church, proposed to rephase £1,191,000 from 2018/19 to 2019/20 (Section 3.4.8)
  - Structural Maintenance, proposed to rephase £1,016,000 from 2018/19 to 2019/20 (Section 3.4.3)
  - Vehicle Replacement Programme, proposed to rephase £883,000 from 2018/19 to 2019/20 (Section 3.4.13)
  - Tulloch Primary School, anticipated reduction in costs and proposed to rephase £400,000 into 2021/22 (Section 3.3.5)

5.4 Movements from 2018/19 into future years have been approved in previous reports to this Committee throughout 2018/19, with the most significant adjustments detailed below :

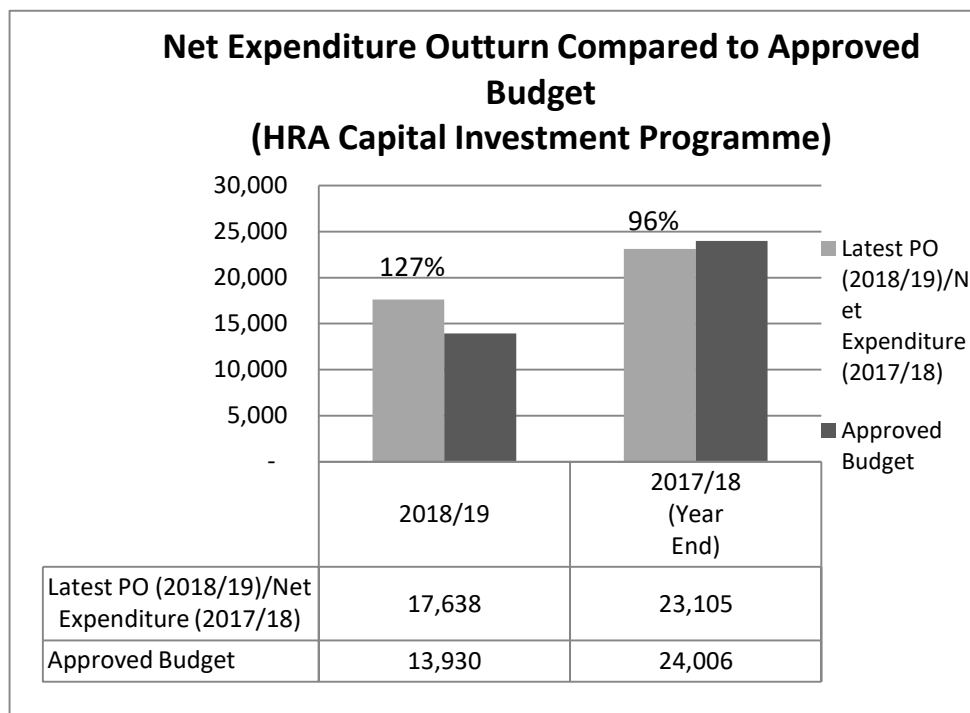
- The Conservation of Built Heritage (£602,000), Creative Exchange (£2,219,000), Place-making and Lighting Action Plans (£844,000) (Report 19/37, Section 3.3.8)
- The Cultural Attraction projects, £3,337,000 (Report 19/37, Section 3.4.2)
- Technology and Innovation Incubator Units, £1,000,000 (Report 18/385, Section 3.3.11)
- Perth Academy New Sports Hall project, £1,300,000 (Report 18/385, Section 3.2.7)
- Early Learning & Childcare – 1140 Hours Expansion project, £2,380,000 (Report 18/285, Section 3.2.2)

5.5 Movements in proposed net expenditure on the Composite Capital Programme and the subsequent impact upon the Council's Borrowing Requirement will continue to be managed through the Council's Treasury function. Actual net expenditure to 28 February 2019 on the programme represents 67% of the proposed revised 2018/19 budget:



5.6 Expenditure to date in the current year is distorted by the inclusion of £4,800,000 of grant funding received from the Scottish Government for Early Learning & Childcare in August 2018. Excluding this, actual net expenditure to date would be 84% of the proposed revised budget. Significant expenditure in relation to the A9/A5 Upgrade and IT Licences are projected to be incurred before 31<sup>st</sup> March 2019 as well as the purchase of various vehicles through the ongoing Vehicle Replacement Programme.

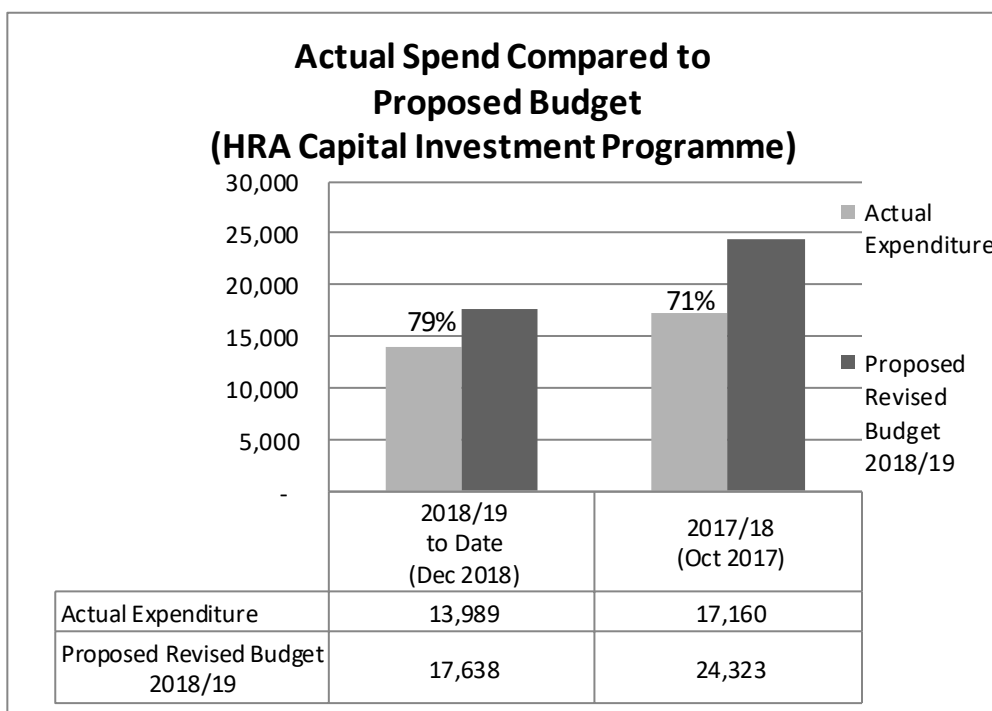
5.7 The latest projected net expenditure outturn for the HRA Capital Investment Programme represents 127% of the 2018/19 budget approved this Committee on 18 April 2018 (Report 18/134 refers).



5.8 This difference is a result of the proposed budget adjustments included within this report, together with previously approved movements by this committee since 18 April 2018 (Report 18/134). The most significant adjustments within this report relate to the re-phasing of budgets and are listed below :

- Council House New Build programme, a total of £806,000 proposed to rephase from 2018/19 to 2019/20
- Major Adaptations to Council House Stock, proposed to rephase £164,000 from 2018/19 to 2019/20 (Section 4.13)
- ICT Expenditure, proposed to rephase £128,000 from 2018/29 to 2019/20 (Section 4.15)

5.9 Actual net expenditure at 28 February 2019 on the HRA Capital Investment Programme represents 79% of the proposed revised 2018/19 budget:



- 5.10 This report identifies revised projected expenditure and proposed budget movements on a number of Capital projects and programmes. As detailed in Section 2.6, the proposed borrowing requirement on the 10 year Composite Programme has reduced by £19,000. Proposed movements on the HRA Capital Investment Programme are detailed at Section 4. As detailed in Section 4.14, the borrowing requirement for the HRA Programme over the 5 year budget has remained the same as the position approved by this committee on 6 February 2019.

## 6. RECOMMENDATIONS

6.1 It is recommended that the Committee:

- (i) Notes the contents of this report.
- (ii) Approves the proposed budget adjustments to the ten year Composite Capital Budget 2018/19 to 2027/28 set out in Sections 2 and 3 of this report and summarised at Appendices I and II.
- (iii) Approves the proposed budget adjustments to the HRA Capital Investment Programme Budget 2018/19 to 2022/23 set out in Section 4 of this report and summarised at Appendix III.
- (iv) Notes the position for individual projects reported within Sections 3 and 4 of this report, as summarised at Appendix IV.

### Author(s)

Name	Designation	Contact Details
John Jennings	Senior Accountant	<a href="mailto:CHXFinance@pkc.gov.uk">CHXFinance@pkc.gov.uk</a>

### Approved

Name	Designation	Date
Stewart MacKenzie	Head of Finance	3 April 2019
Jim Valentine	Depute Chief Executive (Chief Operating Officer)	5 April 2019

If you or someone you know would like a copy of this document in another language or format, (on occasion, only a summary of the document will be provided in translation), this can be arranged by contacting the Customer Service Centre on 01738 475000.

You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.

## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	None
Corporate Plan	Yes
<b>Resource Implications</b>	
Financial	Yes
Workforce	Yes
Asset Management (land, property, IST)	Yes
<b>Assessments</b>	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	Yes
Legal and Governance	None
Risk	None
<b>Consultation</b>	
Internal	Yes
External	None
<b>Communication</b>	
Communications Plan	None

### 1. Strategic Implications

#### Corporate Plan

1.1 The Council's Corporate Plan 2018 – 2023 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

1.2 This report relates to all of these objectives.

### 2. Resource Implications

#### Financial

2.1 There are no direct financial implications arising from this report other than those reported within the body of the main report.

#### Workforce

2.2 There are no direct workforce implications arising from this report other than those reported within the body of the main report.

### Asset Management (land, property, IT)

- 2.3 There are no direct asset management implications arising from this report other than those reported within the body of the main report.

## **3 Assessments**

### Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

### Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

### Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.6 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

## **4. Consultation**

### Internal

- 4.1 The Chief Executive and the Executive Directors have been consulted in the preparation of this report.

## **2. BACKGROUND PAPERS**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.



### **3. APPENDICES**

- Appendix I – Composite Capital Programme - Estimated Capital Resources 2018/19 to 2027/28
- Appendix II – Composite Capital Programme - Summary of Capital Resources and Expenditure 2018/19 to 2027/28
- Appendix III – HRA Capital Investment Programme – Summary of Capital Resources and Expenditure 2018/19 to 2022/23
- Appendix IV – Capital Programme Exceptions Report 2018/19