

**PERTH AND KINROSS COUNCIL****Strategic Policy and Resources Committee****18 April 2018****COMPOSITE CAPITAL BUDGET 2017/23 & HOUSING INVESTMENT  
PROGRAMME 2017/22 – MONITORING REPORT No.4****Report by the Head of Finance****PURPOSE OF REPORT**

This report provides a summary position to date for the Composite Capital Programme for 2017/18 to 2022/23 and the Housing Investment Programme 2017/18 to 2021/22, and seeks approval for adjustments to the programmes.

**1. BACKGROUND / MAIN ISSUES**

- 1.1 At its meeting on 7 February 2018, this Committee approved a revised Gross Composite Capital Budget for 2017/18 to 2022/23 totalling £491,981,000 (report 18/42 refers). The Committee also approved a revised Housing Investment Programme for the 5 years 2017/18 to 2021/22, with estimated net expenditure of £80,235,000. This included £15,000,000 in respect of New Build Future Developments carried forward from 2021/22 to 2022/23.
- 1.2 This report advises of expenditure to 28 February 2018 and the latest estimate of the projected outturn for each of the years to 2022/23 for the Composite Programme and to 2021/22 for the Housing Investment Programme. This report also reflects the Council Service structure as at 28 February 2018, with the changes approved by the Council being reflected in subsequent monitoring reports for 2018/19.
- 1.3 The Capital Programme Exceptions Report provides summary information on the latest position for individual projects reported within Sections 3 and 4.

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

- 2.1 The current estimated total gross capital resources available over the six years 2017/18 to 2022/23 amount to £489,810,000. Movements from the revised Composite Capital Budget approved on 7 February 2018 are summarised in the table below, and the constituent elements for each year are summarised at Appendix I.

<b>Total Composite Gross Capital Resources</b>			
	<b>Approved 7 February 2018</b>	<b>Current Estimate</b>	<b>Movement</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>2017/18</b>	96,641	90,144	(6,497)
<b>2018/19</b>	71,989	71,100	(889)
<b>2019/20</b>	59,715	60,725	1,010
<b>2020/21</b>	89,898	96,746	6,848
<b>2021/22</b>	104,377	103,804	(573)
<b>2022/23</b>	69,361	67,291	(2,070)
<b>Total</b>	<b>491,981</b>	<b>489,810</b>	<b>(2,171)</b>

2.2 The total movement in resources in comparison to the position approved by this Committee on 7 February 2018 is a decrease of £2,171,000.

2.3 The **General Capital Grant** available to the Composite Capital Programme has increased by £708,000 over the 6 years 2017/18 to 2022/23. There are various movements contributing to the proposed increase which are detailed below:-

- Removal of the Private Sector Housing Grants (PSHG) budget in 2017/18 of £558,000 which is funded from the Capital Grant but sits within the Revenue Budget. This proposed movement follows the latest expenditure profile and as a result increases the Capital Grant available to the Capital Budget in 2017/18 by £558,000.
- Following the approval of the request for a contribution towards a replacement underpass on the B9097 at Vane Farm (Report 18/47 refers) it was agreed to fund this contribution from the Capital Grant and therefore £150,000 has been transferred from the Capital Grant to the Revenue Budget in 2017/18. Subsequently the Capital Grant available in the Capital Budget in 2017/18 has been reduced by £150,000.
- When setting the Revenue Budget at the special Council meeting on 22 February 2018 (report 18/47 refers), it was also approved to reduce the amount applied for the Regional Transport Partnership by £100,000 each year across the 6 year Composite Capital Programme from 2018/19. This is funded from the Capital Grant but sits within the Revenue Budget. As a result, this increases the General Capital Grant available to the Capital Budget in the years 2018/19 to 2022/23 by £100,000 per annum.
- It is also proposed to carry forward further funding of £130,000 from 2017/18 to 2018/19 in respect of the latest expenditure projections for the Regional Transport Partnership. It is therefore proposed to increase the Capital Grant available to the Capital Budget in 2017/18 by £130,000 and subsequently reduce the amount available in 2018/19 by £130,000.

- An element of the Capital Grant relates to the undertaking of ongoing Flood Studies, and therefore requires to be reflected in the Revenue Budget, as such works do not qualify as capital expenditure. Accordingly, it is proposed to transfer £200,000 of the 2018/19 Capital Grant to the Revenue Budget in order to fund the flood studies.

- 2.4 **Commercial Property Investment Programme (CPIP)** receipts over the 6 year programme have been reviewed, with an estimated reduction of £1,847,000 in 2017/18 as a result of one receipt now anticipated to conclude in April 2018. However, there is an overall increase of £457,000 over the 6 year programme. As a result of the increase of £150,000 in projected expenditure on the Commercial Property Investment Programme (Section 3.4.12), there is a corresponding increase of £307,000 in the estimated **net receipts carried forward to future years**. All movements in the Commercial Property Investment Programme have been included in Appendices I and II.
- 2.5 There is an overall increase of £23,000 in **Third Party Contributions**. This relates to £255,000 to be received in respect of Brioch Road Realignment works in Crieff (section 3.4.4), offset by reduced contributions of £200,000 in the Capital Budget relating to the Mobile Working Review project (which is proposed to transfer to the Revenue Budget, Section 3.6.1), the SALIX project (£25,000, Section 3.4.12) and the Safety Barriers Programme (£7,000, Section 3.4.5). **Revenue Contributions** have increased by £625,000 as a result of £560,000 to be applied for the Crematorium Abatement Works (section 3.4.14) and the Brioch Road Realignment (section 3.4.4).
- 2.6 The projected **Borrowing Requirement** in 2017/18, which is effectively the balancing item for resources, is £58,256,000. This is £6,062,000 lower than the previous Borrowing Requirement approved by this Committee on 7 February 2018. The total Borrowing Requirement in the subsequent years 2018/19 to 2022/23 has increased by £2,385,000 to £280,162,000, resulting in an overall decrease of £3,677,000 across the whole six year programme.
- 2.7 The difference in the Gross Resources at Section 2.1 above and the Borrowing Requirement can be summarised as follows:

Increase in General Capital Grant (Section 2.3)	£708,000
Increase in Commercial Property Receipts (Section 2.4)	£457,000
Increase in Resources c/f to Future Years (Section 2.4)	(£307,000)
Increase in Third Party Contributions (Section 2.5)	£23,000
Increase in Revenue Contributions (Section 2.5)	£625,000
Reduction in Borrowing Requirement (Section 2.6)	(£3,677,000)
<b>Increase in Gross Capital Resources (Section 2.1)</b>	<b>(£2,171,000)</b>

- 2.8 All movements in the Borrowing Requirement are shown in the Proposed Budget Adjustment column within Appendix II, and summarised in the table below:

	2017/18	2018/19	2019/20	Later Years	Total
	£'000	£'000	£'000	£'000	£'000
(Increase)/Decrease in General Capital Grant (Section 2.3)	(538)	230	(100)	(300)	<b>(708)</b>
Increase/(Decrease) in Commercial Receipts (Section 2.4)	1,847	(1,603)	(801)	100	<b>(457)</b>
Increase/(Decrease) in Resources c/f to Future Years (Section 2.4)	1,421	(1,027)	13	(100)	<b>307</b>
Reduction in Prudential Borrowing – The Environment Service (Section 3.4.14)	(909)	350	0	0	<b>(559)</b>
Reduction in Prudential Borrowing – Corporate & Democratic Services (Section 3.6.1)	(380)	(1,880)	0	0	<b>(2,260)</b>
Movements arising from re-phasing of other expenditure and receipts (Appendix II)	(7,503)	1,774	1,804	3,925	<b>0</b>
<b>Increase/(Decrease) in Borrowing Requirement</b>	<b>(6,062)</b>	<b>(2,156)</b>	<b>916</b>	<b>3,625</b>	<b>(3,677)</b>

### 3. COMPOSITE CAPITAL PROGRAMME – EXPENDITURE

- 3.1 Total expenditure (net of grants and contributions) in the current year to 28 February 2018 on the Composite Capital Programme amounts to £68,647,000 which is detailed at Appendix II and can be summarised as follows:

	Net Expenditure to 28 Feb 2018
	£'000
Education and Children's Services	19,559
The Environment Service	47,388
Health and Social Care	271
Housing and Community Safety	296
Corporate & Democratic Services	1,133
<b>Total</b>	<b>68,647</b>

- 3.2 In addition, General Capital Grant received to 28 February 2018 amounts to £16,935,000 and capital receipts amount to £1,411,000. Therefore, the borrowing requirement to 28 February 2018, after allowing for the movement in receipts brought forward (£1,326,000), totals £48,975,000. 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 current programme from the position approved by this Committee on 7 February 2018 (report 18/42 refers).
- 3.3.2 Within the Kinross Primary School and Tulloch Primary School projects, it is proposed to rephase £328,000 and £200,000 respectively from 2017/18 to 2018/19 to reflect the revised expenditure profile relating to the external works

surrounding the site, which includes external lighting and car parking provision.

- 3.3.3 It is proposed to reprofile the expected developer contribution of £500,000 from 2017/18 to 2018/19 in relation to the development of Oudenarde Primary School. This follows the Scottish Government's decision to take over the planning application process for the development at Oudenarde due to concerns raised by Transport Scotland with how the proposed housing development would impact the nearby M90 motorway.
- 3.3.4 Following a review of the Perth High School Internal Refurbishment programme, it is proposed to rephase £300,000 from 2017/18 to 2022/23 to reflect the rescheduled works.
- 3.3.5 A comprehensive review of the 2018/19 Education Capital Programme has been undertaken with a view to realigning budgets to reflect the latest projected expenditure profiles. There are a number of proposed movements from 2018/19 into future years within the Composite Capital Programme for projects including Modernising Primaries, Perth Academy Refurbishments and the Perth Grammar School Upgrade project.
- 3.3.6 In addition, it is proposed to transfer £421,000 in relation to MIS Licence costs in 2018/19 from the IST Infrastructure Replacement programme within Corporate & Democratic Services. There are various other minor proposed adjustments to project budgets between years which mostly relate to the phasing of expenditure, particularly in 2017/18 and 2018/19, to reflect updated expenditure profiles, and are reflected in Appendices I and II to this report.

#### 3.4 The Environment Service

- 3.4.1 The Executive Director (Environment) has reviewed the current programme and proposes various budget adjustments, the most significant of which are described below:
- 3.4.2 Following a review of the Road Safety Initiatives project, a revised programme of works has been developed. Due to an increase in demand for Vehicle Activation Signs within some communities it is proposed to transfer £19,000 to the budget from Road Safety Initiatives in 2017/18. This, together with rephasing of a further £4,000 within the Vehicle Activation Signs budget, is included in 2018/19 in line with when the works are proposed to be undertaken. It is further proposed to rephase £166,000 from Road Safety Initiatives in 2017/18 to 2018/19 to align with the revised programming of works.
- 3.4.3 When setting the Revenue Budget at the special Council meeting on 22 February 2018 (report 18/47 refers), £150,000 from the 2017/18 Car Parking – Additional Capital Grant Programme was approved for the redevelopment of the underpass at Vane Farm, Loch Leven in conjunction with the Royal Society for the Protection of Birds (RSPB). As these works are not Capital Expenditure of the Council, the £150,000 is reflected in the Revenue Budget. Consequently, £150,000 of the General Capital Grant has been transferred to

the Revenue Budget to fund these works. The remaining £100,000 within the Car Parking – Additional Capital Grant programme will be used to fund works in 2018/19 and it is therefore proposed to rephase the remaining £100,000 from 2017/18 to 2018/19.

- 3.4.4 Planning consent for three significant development proposals along Brioch Road, Crieff include a requirement for appropriate road realignment works to be fully funded by developers, currently estimated to cost £195,000. Following consultation with local members and the community, it is proposed to improve road safety measures adjacent to the sites and take the opportunity to undertake this work at the same time as the road realignment. The enhanced scheme will include signal controlled pedestrian crossing facilities and connecting footpaths/cycle paths to improve safety at the new development. The additional cost of these measures is estimated at £125,000. It is anticipated that works on the footpaths/cycle paths will attract Sustrans funding of £60,000 with the balance of £65,000 to be funded from a combination of the Footpaths & Cycle Networks and Road Safety Measures budgets recently approved by the Council on 22 February 2018. The total cost of the scheme of £320,000, together with the proposed funding, has been included in Appendix II.
- 3.4.5 Within the Structural Maintenance Programme, it is proposed to rephase £589,000 from 2017/18 into 2018/19. This is due in part to rescheduling planned works until 2018/19 as a result of an increased focus on the additional strategic timber route works in 2017/18, to meet the funding conditions of the Forestry Commission, as well as the need to apply resources for winter maintenance. Additionally, it is proposed to transfer £50,000 in 2018/19 from Structural Maintenance to the Alyth Environmental Improvements project due to a re-profiling of resurfacing works in conjunction with the project. As a result of reduced costs anticipated on the Road Safety Barriers programme of £7,000, there is also a corresponding reduction in Third Party Contributions. In addition, much of the works are now expected to be undertaken in 2018/19.
- 3.4.6 Works on the A9/A85 Road Junction Improvements are continuing to progress well. Consequently it is proposed to accelerate a further £995,000 of the budget from 2018/19 to 2017/18 in line with the latest cost update from the contractor.
- 3.4.7 The works on Contract 2 of the Almondbank Flood Protection Scheme are progressing well with around 80% of the project complete. In accordance with the contract terms a series of additional compensation events have been submitted or anticipated by the main contractor estimated at £1,600,000 for issues and items not included within the original scope of works. These are predominantly in relation to the off-site disposal of excess material, import of suitable infill material to meet the technical requirements of the scheme, water monitoring duties, further costs associated with contaminated land and on-site costs resulting from time delays in the project. In addition it is proposed to make provision of £400,000 for further land compensation costs, extended consultancy support through to completion of the project and a small

contingency sum to meet any final unanticipated costs. There is the potential to recover some of the compensation event costs from the utility companies involved in the project where it can be demonstrated that these were directly related to time delays in their respective works programmes and also where works have been carried out under the New Roads and Street Works Act. It is proposed that the additional estimated cost of up to £2,000,000 in 2018/19 is funded from the existing 5 year Structural Maintenance programme, with £500,000 from each of the financial years 2019/20 to 2022/23. The total Structural Maintenance budget between 2018/19 and 2022/23 is currently £33,564,000.

3.4.8 For the Rural Flood Mitigation Schemes, updated expenditure profiles have been provided in relation to the Comrie and Milnathort projects. Accordingly, it is proposed to accelerate £188,000 from 2020/21 on the Comrie Flood Protection Scheme to 2017/18 (£8,000), 2018/19 (£87,000) and 2019/20 (£93,000), in line with the revised profile provided by the new consultants. It is further proposed to rephase £14,000 from 2017/18 to 2018/19 within the Milnathort Flood Protection scheme due to consultancy works that will now be undertaken in 2018/19.

3.4.9 Within the City Centre Place-making projects, it is proposed to reprofile works on various schemes from 2017/18 to 2018/19 and 2019/20, whilst confirmation of third party contributions towards the works are confirmed. However some work has already commenced on the City Greening project, and it is therefore proposed to accelerate £11,000 of the budget from 2018/19 to 2017/18. It is further proposed to transfer £101,000, together with an equivalent amount of Third Party Contributions from 2017/18 to 2018/19 for the Creative Exchange project.

3.4.10 Within the 2018/19 Community Greenspace programme, it is proposed to allocate the Greenspace Sites and Small Parks programmes to specific projects. These include proposed works at the Knock, Kinnoull Hill, and improving countryside access. Further, following a review of the Alyth Environmental Improvements Programme, it is proposed to increase the expenditure budget within 2018/19 by £130,000 to reflect the nature of the works being undertaken which are funded by different budgets. The proposed movements are listed below:

- Transfer £50,000 from Structural Maintenance to fund resurfacing works (para 3.4.5 refers).
- Transfer £40,000 from Community Greenspace Sites following a review of existing programmes.
- Revenue Contributions totalling £25,000 from the Car Park Reserve (£20,000) and the Perth & Kinross Council Public Transport Unit (£5,000).
- Transfer £15,000 from 2017/18 following a rephasing of the scheduled works.

3.4.11 It is proposed to consolidate the PC Replacement & IT Upgrades Hardware budget totalling £400,000 over 2018/19 to 2022/23 with the Corporate IST

Infrastructure & Replacement Programme in Corporate & Democratic Services. This will allow the total budget to be aligned with the Corporate procurement of the IT Hardware to provide consistency of approach for investment and make best use of the resources available.

3.4.12 Within Property Services it is proposed to remove the SALIX project of £50,000 in 2017/18, which was to be funded by a £25,000 loan from Salix and £25,000 from the Central Energy Efficiency Funding (CEEF), due to the onerous conditions and commitments imposed by SALIX. Consequently, it is proposed that a revised specification for the project is progressed from CEEF alone. Within the Commercial Property Investment programme, there has been an increase of £150,000 in the cost of the North Muirton Food & Drink Park in 2018/19, as a result of increased schedule of rates costs incurred by the contractor. It is also proposed to transfer £10,000 from 2017/18 to 2018/19. It is further proposed to rephase £20,000 from 2017/18 to 2018/19 on the Western Edge, Kinross, Site Servicing Project as a result of delays in the adoption of the road by Scottish Water, pushing planned works into 2018/19.

3.4.13 It is proposed to move the Cultural Attractions programme from the Environment Service to Corporate & Democratic Services in line with the revised governance arrangements for the programme. Included in this proposed transfer are the following movements in the programme:

- Rephase £209,000 from 2017/18 to future years within the Perth Museum and Art Gallery project due to internal and external surveys still to be undertaken.
- Rephase £195,000 from 2017/18 to future years within the Collections Store due to the continued evaluation of suitable sites.

3.4.14 There are various proposed movements within the Prudential Borrowing Programme, including the removal of the SNAPi Asset Management Project of £144,000 from 2017/18 which is no longer being undertaken following a review of the project. It is also proposed to reduce the Street Lighting LED & Column Replacements by £223,000 in line with the current works programme.

3.4.15 At the Crematorium, as a result of the recent tree felling for health and safety purposes adjacent to the overflow surface parking area, it is proposed to construct a more permanent overflow parking facility estimated at £250,000 to meet the long term needs of the Crematorium and to provide suitable landscaping for the garden of remembrance. In addition, building works beyond the original scope of the refurbishment project and the replacement of a coffin lift are required at a further cost of £100,000. The estimated additional recurring loan charge of £12,000 per annum for this investment will be contained within the existing Bereavement service revenue budget. It is further proposed to apply £560,000 of the Crematorium Levies held in Reserves to the Abatement Works in 2017/18 in line with the funding proposals contained within the original business case.

3.4.16 In addition to the items above, there is a small increase of £18,000 on the POP, 2 High Street project following settlement of the final account with the



contractor. The net impact of all the changes above is a £559,000 reduction in overall borrowing. Other movements mainly relate to the rephasing of projects between financial years with the most significant movements listed below :-

- Rephase £639,000 from 2017/18 to 2018/19 within the Vehicle Replacement Programme due to grounds maintenance equipment and precinct sweepers which will not be delivered until later in 2018.
- Rephase £100,000 of vehicle disposal receipts from 2017/18 to 2018/19, as a result of delays in vehicle replacements above.
- Rephase £151,000 from 2017/18, £229,000 from 2018/19 and £55,000 from 2019/20 within the Energy Conversion & Carbon Reduction Waste Programme to later years following a review of the existing schemes and to smooth the profile of expenditure.

3.4.17 In addition to the above, there are various other proposed minor adjustments to project budgets between years. These adjustments mostly relate to the phasing of expenditure, particularly in 2017/18, to reflect updated expenditure profiles, and are reflected in Appendices I and II to this report.

### 3.5 Housing & Community Safety and Health & Social Care

3.5.1 The Interim Director (Housing & Community Safety) has reviewed the current programme.

3.5.2 Within the Health & Social Care programme it is proposed to transfer the remaining funding of £10,000 allocated to the Dalweem Refurbishment project in 2017/18 to the Letham Wellbeing Hub in 2018/19. This follows the payment of the final certificate in relation to the Dalweem project.

3.5.3 As the agreed contract works in regards to the Letham Wellbeing Hub will now not commence until April 2018, it is proposed to rephase £70,000 allocated to the project from 2017/18 to 2018/19. It is also proposed to rephase £66,000 from 2017/18 into 2018/19 in relation to the Council Contact Centre project, in line with the anticipated implementation of associated IT infrastructure and agreement of software specifications.

### 3.6 Corporate & Democratic Services

3.6.1 The Corporate IT Manager has reviewed the current programme. It is proposed to remove the Transformation Budgets for Online Services & MyAccount and Mobile Working from the Capital Budget, with the works to be funded from Earmarked Reserves in the Revenue Budget. This reflects the original funding for the projects, with the amount earmarked in Reserves sufficient to meet the costs without the requirement for borrowing. This proposed adjustment results in a reduction in Prudential Borrowing of £2,260,000 over 2017/18 (£380,000) and 2018/19 (£1,880,000). The funding also includes £200,000 of ERDF funding, which also transfers to the Revenue Budget.

- 3.6.2 It is also proposed to rephase the ICT Infrastructure budget across all years. This includes the proposal to transfer the costs of the MIS Licences to the Education and Children's Services MIS budget in 2018/19 (see section 3.3.6) and the transfer of the Hardware budget of £400,000 over the years 2018/19 to 2022/23 from the Environment Service (see Section 3.4.11).
- 3.6.3 As detailed in Section 3.4.13, it is proposed to transfer the Cultural Attraction projects from the Environment Service to Corporate and Democratic Services. This is reflected in the Appendices to this report.

#### **4. HOUSING INVESTMENT PROGRAMME**

- 4.1 The current estimated expenditure, net of contributions, over the 5 years 2017/18 to 2021/22 amounts to £65,277,000. Movements from the previous estimates approved by this committee on 7 February 2018 are as follows, and are also included in Appendix III:

	<b>Approved 7 Feb 2018</b>	<b>Current Estimate</b>	<b>Movement</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>2017/18</b>	24,323	24,006	(317)
<b>2018/19</b>	12,418	13,930	1,512
<b>2019/20</b>	9,020	8,320	(700)
<b>2020/21</b>	10,085	9,632	(453)
<b>2021/22</b>	9,389	9,389	0
<b>Total</b>	<b>65,235</b>	<b>65,277</b>	<b>42</b>

- 4.2 In addition, a further £28,677,000 of expenditure in 2022/23 was approved by the Housing & Communities Committee at its meeting on 24 January 2018 (report 18/16 refers). Monitoring of the 2022/23 budget will be incorporated into this report as part of monitoring of the new financial year from 2018/19 Report 1.
- 4.3 Total expenditure (net of contributions) in 2017/18 to 28 February 2018 amounts to £18,624,000 and total receipts amount to £617,000. This results in a total Borrowing Requirement of £18,007,000 for the year to date.
- 4.4 The Interim Director (Housing & Community Safety) proposes to make several adjustments to the programme approved on 7 February 2018, which have been included within Appendix III. The most significant of these proposed adjustments are described below.
- 4.5 Within the New Build project at Nimmo Avenue a saving of £16,000 has been identified due to liquidate and ascertained damages being applied to the contract. It is therefore proposed to decrease the existing budget in 2017/18 by £16,000.
- 4.6 Funding previously anticipated from the Contaminated Land Fund for Glenearn Road New Build Development of £58,000 in 2017/18 is only available for land where the owner cannot be traced. It is therefore proposed to remove the Third Party Contribution of £58,000 in 2017/18.

4.7 Following a review of the New Build Programme it is proposed to rephase various schemes to reflect the updated expenditure profile and delivery of the programme. The most significant movements are detailed below :-

- Rephase £413,000 from 2017/18 to 2018/19 for the Birch Avenue, Scone project.
- Rephase £100,000 from 2017/18 to 2018/19 in regards to the 208, Crieff Road project. It is further proposed to accelerate £114,000 of Scottish Government Grant Funding for the project from 2018/19 to 2017/18 to reflect grant claims submitted to date.

4.8 Within the Future Developments project, it is proposed to transfer £596,000 and £686,000 to the New Build Project at Blackthorn Place, Blairgowrie in 2017/18 and 2018/19 respectively. It is also proposed to transfer a further £512,000 from Future Developments in 2018/19. The budget for Blackthorn Place is also enhanced by the following proposed adjustments:

- Scottish Government Grant funding of £423,000 in 2017/18.
- Scottish Government Grant funding of £913,000 in 2018/19 as a result of the increased works.
- The application of £480,000 from Reserves in 2018/19 through income generated following the removal of discretionary discounts in Council Tax on second homes and unoccupied properties.

4.9 As a result of all these adjustments, the total expenditure budget for Blackthorn Place has increased by £1,019,000 in 2017/18 and £2,591,000 in 2018/19.

4.10 There are various other proposed movements from the Future Developments budget to support the delivery of new build projects, with the most significant of these movements detailed below :-

- Transfer £52,000 to Invergowrie, Main Street Project in 2017/18 to reflect the cost of professional fees and site surveys.
- Transfer £49,000 to Lynn Road, Stanley project in 2017/18 for additional works in relation to lowering ceilings in stairwells and additional floor coverings for bathrooms and kitchens.
- Transfer £4,000 to Old Mill Road, Blairgowrie in 2017/18 to fund additional instructed works.

4.11 As a result of continuing progress in purchasing ex-Council House stock to support affordable housing under the Council's Buy Back scheme, it is proposed to accelerate a total of £1,128,000 to 2017/18 from future years within the project. It is anticipated that 40 properties will be purchased in 2017/18.

4.12 Following a review into the Standard Delivery Plan programme there are various movements between years. These proposed movements reflect the latest expenditure profiles for the projects. It is therefore proposed to make the following adjustments :-

- Rephase £117,000 from 2017/18 to 2018/19 on the Central Heating and Rewiring project.
- Rephase £144,000 from 2017/18 to 2018/19 on the Controlled Door Entry project.
- Rephase £175,000 from 2017/18 to 2018/19 on the Multi Storey Flats project.
- Accelerate £100,000 from 2018/19 to 2017/18 on the External Fabric project.

4.13 Following agreement with the developer for the New Build project at Muirton, Dunkeld Road, additional income of £11,750 is expected to be received upon sale of each plot. A total of 80 plots are expected to be sold resulting in additional income of £940,000 is projected to be received over the 5 year programme. It is therefore proposed to increase Other Receipts by £60,000 in 2017/18 to reflect the current expected sales, and increase receipts in each of the remaining 4 years of the programme by £220,000.

4.14 As a result of all the above proposed adjustments, the total Housing Investment Programme borrowing requirement over the five year period to 31 March 2022 has reduced by £898,000. This consists of £16,000 on the New Build Nimmo Avenue project (Section 4.4) and additional receipts from the projected sale of plots at Muirton New Build project, Dunkeld Road of £940,000 (Section 4.11) which are offset by the removal of a Third Party contribution towards the Glenearn Road project of £58,000 from the Contaminated Land Fund (Section 4.5).

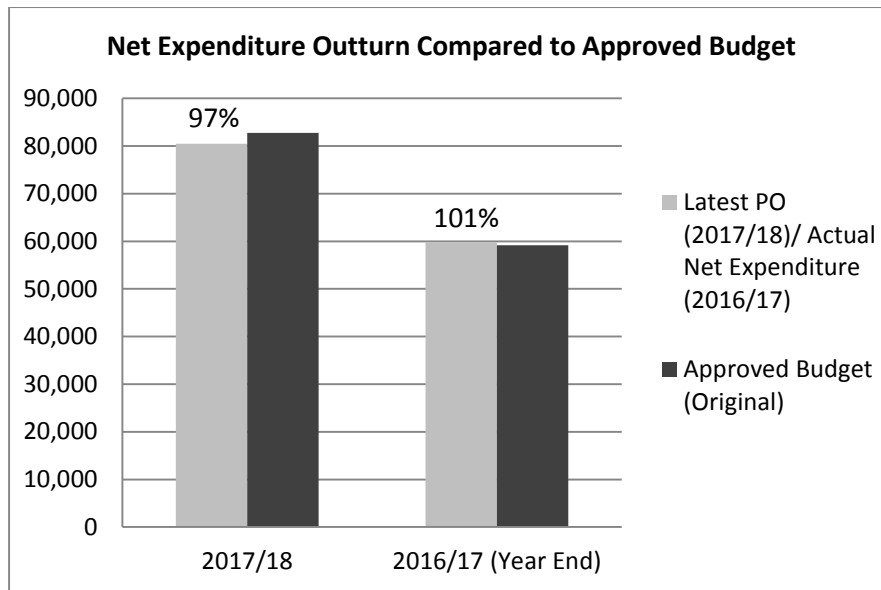
## **5. RENEWAL & REPAIR FUND**

5.1 Detailed at Appendix IV is the 2017/18 approved budget and the projected outturn for the Renewal & Repair Fund. There have been no movements in the projections since the last report, with the anticipated balance at the end of the year remaining as nil.

## **6. BUDGET OVERVIEW**

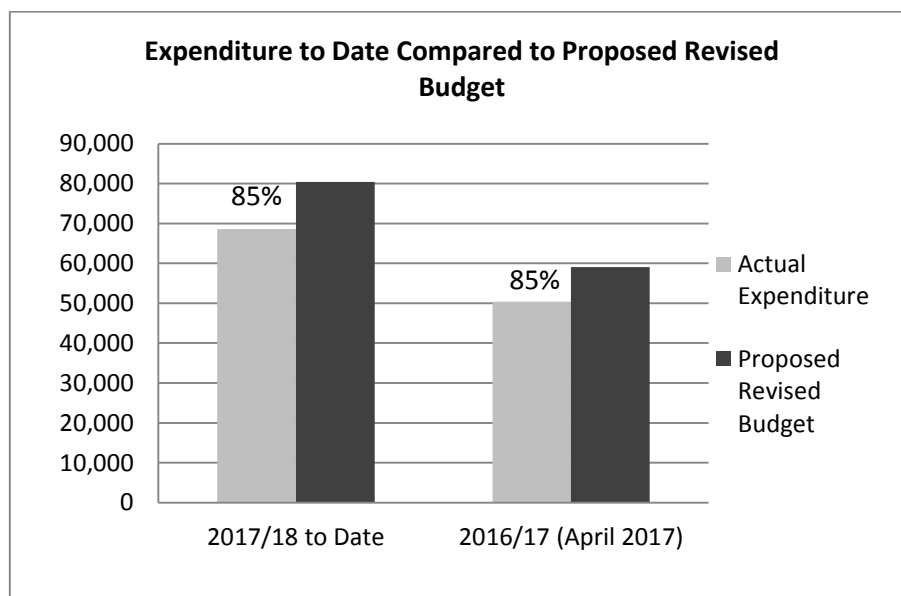
6.1 The Composite Capital Budget approved by this Committee on 7 February 2018 has been reviewed and updated to reflect the latest monitoring position.

6.2 The latest projected 2017/18 outturn for net expenditure on the Composite Capital Programme represents 97% of the original 2017/18 budget approved on 19 April 2017:



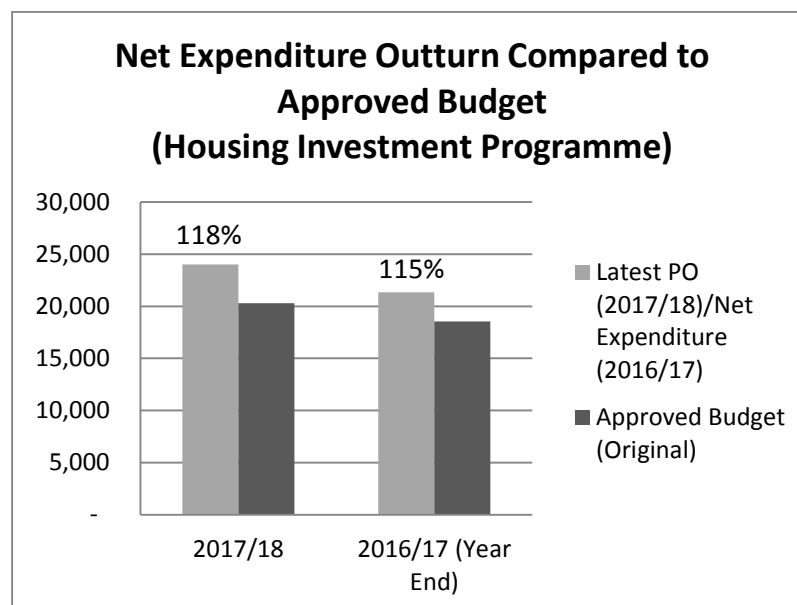
6.3 This difference is primarily a result of the budget adjustments approved in the last report, by this committee. Overall, the adjustments in 2017/18 proposed in this report amount to a decrease in the net budget of £6,062,000 (Appendix II refers).

6.4 Actual net expenditure to 28 February 2018 on the programme represents 85% of the proposed revised 2017/18 budget:

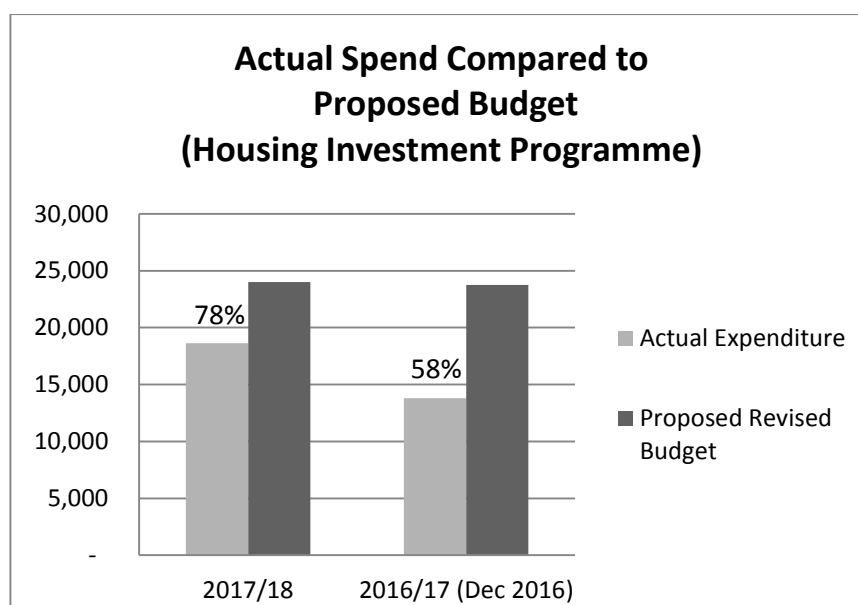


6.5 Movements in proposed net expenditure on the Composite Capital Programme and the subsequent impact upon the Council's Borrowing Requirement will continue to be managed through the Council's Treasury function.

6.6 The latest projected gross expenditure outturn for the Housing Investment Programme represents 118% of the 2017/18 budget approved by this Committee on 19 April 2017:



- 6.7 Actual net expenditure at 28 February 2018 on the Housing Investment Programme represents 78% of the proposed revised 2017/18 budget:



- 6.8 This report identifies revised projected expenditure and proposed budget movements on a number of Capital projects and Programmes. As detailed in Section 2.8, the proposed borrowing requirement on the 6-year Composite Programme has decreased by £3,677,000, whilst proposed movements on the Housing Investment Programme detailed at Section 4.12 show a reduction in the borrowing requirement of £898,000 over the 5-year budget. However, further Borrowing of £23,485,000 has been approved for 2022/23 for the Housing Investment Programme.

## 7. RECOMMENDATIONS

7.1 It is recommended that the Committee:

- (i) Note the contents of this report.
- (ii) Approve the proposed budget adjustments to the six year Composite Capital Budget 2017/18 to 2022/23 set out in Sections 2 and 3 of this report and summarised at Appendices I and II.
- (iii) Approve the proposed budget and monitoring adjustments to the Housing Investment Programme Budget 2017/18 to 2021/22 set out in Section 4 of this report and summarised at Appendix III.

### Author(s)

Name	Designation	Contact Details
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### Approved

Name	Designation	Date
Stewart MacKenzie	Head of Finance	4 April 2018
Jim Valentine	Depute Chief Executive (Chief Operating Officer)	4 April 2018

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## 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 2013 – 2018 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 all 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  
2017/18 to 2022/23

Appendix II – Composite Capital Programme - Summary of Capital Resources  
and Expenditure 2017/18 to 2022/23

Appendix III – Housing Investment Programme – Summary of Capital  
Resources and Expenditure 2017/18 to 2021/22

Appendix IV – Renewal & Repair Fund Budget 2017/18

Appendix V – Capital Programme Exceptions Report 2017/18