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Council Building
2 High Street
Perth
PH1 5PH

31/08/2022

A hybrid meeting of the **Finance and Resources Committee** will be held in the **Council Chamber** on **Wednesday, 07 September 2022** at **14:00**.

If you have any queries please contact Committee Services on (01738) 475000 or email Committee@pkc.gov.uk.

THOMAS GLEN
Chief Executive

Those attending the meeting are requested to ensure that all notifications are silent on their device and other devices are in silent mode.

Please note that the meeting will be broadcast online and recorded. The recording will be publicly available on the Council's website following the meeting.

Members:

Councillor Stewart Donaldson (Convener)
Councillor Grant Laing (Vice-Convener)
Bailie Chris Ahern
Bailie Alasdair Bailey
Councillor Peter Barrett
Councillor Andy Chan
Councillor Dave Cuthbert
Councillor Eric Drysdale
Councillor John Duff
Councillor Angus Forbes
Provost Xander McDade
Councillor Tom McEwan
Councillor Andrew Parrott
Councillor John Rebbeck
Councillor Caroline Shiers
Councillor Colin Stewart

Finance and Resources Committee

Wednesday, 07 September 2022

AGENDA

MEMBERS ARE REMINDED OF THEIR OBLIGATION TO DECLARE ANY FINANCIAL OR NON-FINANCIAL INTEREST WHICH THEY MAY HAVE IN ANY ITEM ON THIS AGENDA IN ACCORDANCE WITH THE COUNCILLORS' CODE OF CONDUCT.

- 1 WELCOME AND APOLOGIES/SUBSTITUTES**
- 2 DECLARATIONS OF INTEREST**
- 3 MINUTE OF MEETING OF THE FINANCE AND RESOURCES COMMITTEE OF 5 JUNE 2022 FOR APPROVAL** **5 - 8**
(copy herewith)
- 4 OUTSTANDING BUSINESS STATEMENT** **9 - 10**
(copy herewith)
- 5 REVENUE BUDGET 2022/23 - UPDATE NO. 1** **11 - 40**
Report by Chief Accountant (copy herewith 22/208)
- 6 COMPOSITE CAPITAL BUDGET 2022/28 & HOUSING INVESTMENT PROGRAMME 2022/27 - MONITORING REPORT NO. 1** **41 - 90**
Report by Head of Finance (copy herewith 22/209)
- 7 TREASURY ACTIVITY AND COMPLIANCE REPORT 2022/23 QUARTER 1** **91 - 110**
Report by Head of Finance (copy herewith 22/210)
- 8 ANNUAL TREASURY REPORT 2021/22** **111 - 126**
Report by Head of Finance (copy herewith 22/211)
- 9 COMMUNITY INVESTMENT FUND 2022/23** **127 - 132**
Report by Head of Culture and Community Services (copy herewith 22/212)
- 10 APPOINTMENT OF MEMBER OF THE EXECUTIVE SUB-COMMITTEE**
The Committee is asked to note the decision taken to appoint the following members of the Finance and Resources Committee to the Executive Sub-Committee:

Councillor Stewart Donaldson
Councillor Grant Laing
Councillor Eric Drysdale
Councillor John Duff
Councillor Caroline Shiers
Councillor Peter Barrett
Councillor Dave Cuthbert

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FINANCE AND RESOURCES COMMITTEE

Minute of hybrid meeting of the Finance and Resources Committee held in the Council Chamber, 2 Hight Street, Perth on Wednesday 15 June 2022 at 2.00pm.

Present: Councillors S Donaldson, Baillie Ahern, Baillie Bailey, P Barrett, A Chan, D Cuthbert, E Drysdale, J Duff, N Freshwater (substituting for Councillor A Forbes), G Laing, Provost McDade, T McEwan, A Parrott, J Rebbeck, C Shiers and C Stewart.

In Attendance: T Glen, Chief Executive; K Donaldson, Chief Operating Officer; B Renton, Executive Director (Communities), M Butterworth, C France, C Guild, D Littlejohn, C Mailer, P Marshall, B Murray, F Robertson, A Taylor and R Wills (all Communities); S Devlin, Executive Director (Education and Children's Services); G Boland (Education and Children's Services); and I Caldow, S Crawford, K Fraser, L Harris, J Jennings, P Johnstone, S Mackenzie, L Simpson, N Sutherland, S Walker, A Brown, K Molley, B Parker and A McMeekin (Corporate and Democratic Services) and S Strathearn (Health and Social Care Partnership).

Apology: Councillor A Forbes

Councillor S Donaldson, Convener, Presiding.

1. WELCOME AND APOLOGIES

The Convener welcomed all those present to the meeting and apology was noted above.

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest in terms of the Councillors' Code of Conduct.

3. MINUTE OF PREVIOUS MEETINGS

The minute of meeting of the Strategic Policy and Resources Committee of 20 April 2022 was submitted and approved.

4. APPOINTMENT OF MEMBERS TO THE EXECUTIVE SUB-COMMITTEE OF FINANCE AND RESOURCES COMMITTEE

It was decided to withdraw this from the agenda to allow further discussion as part of the changes to the Scheme of Administration at full Council on 22 June.

5. APPOINTMENT OF MEMBERS TO THE PROVOSTS SUB-COMMITTEE

It was decided to withdraw this from the agenda to allow further discussion as part of the changes to the Scheme of Administration at full Council on 22 June.

6. TREASURY ACTIVITY AND COMPLIANCE REPORT 2021/22 QUARTER 4

There was submitted a report by the Head of Finance (22/122) (1) updating the Committee on the Treasury Activity for the quarter ending 31 March 2022 and to report on compliance with the Council's Treasury Management Policy Statement (TMPS); Investment Strategy and Prudential Indicators; and (2) covering the fourth quarter of the financial year for the period 1 January to 31 March 2022.

Resolved:

The contents of Report 22/8, which is submitted in accordance with the Council's approved Treasury Management Practices, be noted.

7. AUTHORITY TO WRITE OFF BAD DEBTS AND OBSOLETE STOCK

There was submitted a report by the Head of Finance (22/123) seeking approval to write off identified debts in respect of Sales Ledger; Council Tax (including Water & Waste Water charges); Non-Domestic Rates; Irrecoverable Rents; Housing Benefit Overpayments and Car Park Trading Account Income; and is sought to write off obsolete stock and write on other miscellaneous balances.

Resolved:

- (i) It be approved that all amounts detailed in section 4 of report 22/123 and the attached appendices are written off or on accounting purposes.
- (ii) It be noted that whilst these amounts are written off or written on, the files are not closed, and every effort will be made to collect outstanding debt where recovery is cost effective.
- (iii) The removal of charges for services for people seeking asylum detailed in section 5 of report 22/123, be approved.

8. CORPORATE AND DEMOCRATIC SERVICES JOINT BUSINESS MANAGEMENT AND IMPROVEMENT PLAN 2022/23

There was submitted a report by the Chief Operating Officer (22/124) (1) presenting the Joint Service Business Management and Improvement Plan 2022/23 and Annual Performance Report 2021/22 for Corporate and Democratic Services; (2) detailing the progress of our work in supporting the Council's objectives and service delivery; and (3) highlighting the challenges and priority focus areas for the coming year.

Resolved:

The Corporate and Democratic Services Joint Business Management Improvement Plan 2022/23 and Annual Performance Report 2021/22, be approved.

COUNCILLOR P BARRETT LEFT THE MEETING AT THIS POINT.

9. LOCH LEVEN GUIDANCE

There was submitted a report by the Head of Planning and Development (22/125) summarising the comments received during the consultation on non-statutory planning guidance published for consultation in 2022; and (2) seeking

approval to finalise and adopt the guidance document to support the Local Development Plan (adopted November 2019) as non-statutory Supplementary Guidance.

Resolved:

The Loch Leven Guidance to support the implementation of Policy 46 of the Local Development Plan, be approved.

DRAFT

FINANCE AND RESOURCES COMMITTEE
OUTSTANDING BUSINESS STATEMENT (OBS)

(Report No. 22/215)

Please note that this statement sets out outstanding decisions of this committee along with an update and estimated completion date. Actions which are overdue are shaded for ease of reference. Where an update reflects that an action is complete then the Committee's agreement will be sought to its removal from the OBS.

| No | Minute Reference | Subject Title | Outstanding Action | Update | Lead Officer /Service | Action due | Action Expected |
|----|-------------------------|--|---|---|-----------------------|------------------|------------------|
| 1. | 15 June 2022 Item 4. | Appointment of Members to the Executive Sub-Committee of Finance and Resources Committee | Appointment of Members to be deferred to a future meeting of the Finance and Resources Committee to allow further discussion with officers. | It was agreed at Council on 22 June for the membership to increase to 7 members. Names of members will be added to the agenda on 7 September 2022 for noting. NOT COMPLETE | | 7 September 2022 | 7 September 2022 |
| 2. | 15 June 2022 Item 5. | Appointment of Members to the Provosts Sub-Committee of Finance and Resources Committee | Appointment of Members to be deferred to a allow further discussion with officers. | It was agreed at Council on 22 June for the membership to increase to 7 members and will consist of the Provost, Depute Provost and the five Bailies. The sub-committee will now report to Council. COMPLETED | | 22 June 2022 | 22 June 2022 |
| 3. | 15 June 2022 Item 6. | Treasury Activity and Compliance Report 2021/22 Quarter 4 | Provide members with an update on what would be the additional cost to the Council per | Briefing note issued. COMPLETED. | Stewart MacKenzie | 7 September 2022 | 7 September 2022 |

| No | Minute Reference | Subject Title | Outstanding Action | Update | Lead Officer /Service | Action due | Action Expected |
|----|--------------------------|--|---|--|-----------------------------|------------------|------------------|
| | | | annum of a 1% increase in PWLB borrowing rates. | | | | |
| 4. | 15 June 2022 Item 7. | Authority to Write Off Bad Debts and Obsolete Stock | Provide members with a briefing note on Funding Arrangements for Ukrainian Displaced People resettling in Perth and Kinross | Briefing note issued. COMPLETED | Elaine Ritchie | 7 September 2022 | 7 September 2022 |
| 5. | 15 June 2022. Item 7. | Authority to Write Off Bad Debts and Obsolete Stock | Provide members with details on collections rates on garage sites and lock ups and the percentage of income it represents. | Email response issued to members. COMPLETED. | Elaine Ritchie | 7 September 2022 | 7 September 2022 |
| 6. | 15 June 2022 Item 8. | Corporate and Democratic Services Joint Business Management and Improvement Plan 2022/23 and Service Annual Performance Report 2021/22 | A briefing session to be arranged with members as part of the Development Programme on the different IT systems the Council uses. | Briefing session to be arranged as soon as possible for members. NOT COMPLETED | Alan Taylor/Karen Donaldson | TBC | 7 September 2022 |

PERTH & KINROSS COUNCIL

Finance & Resources Committee

7 September 2022

REVENUE BUDGET 2022/23 – UPDATE NO.1

**Contact Officer: Scott Walker, Chief Accountant
(Report No. 22/208)**

1. PURPOSE

- 1.1 This report provides an update on progress with the 2022/23 General Fund Revenue Budget based upon the June 2022 ledger, updated for any subsequent known material movements, and the projected financial position of the Housing Revenue Account.
- 1.2 The total net projected over spend on the 2022/23 General Fund Management Budget is **£2.012 million** (see **Appendix 1**).

2. RECOMMENDATIONS

- 2.1 The Committee is requested to:
 - i) note the contents of the report,
 - ii) note the projected outturn for General Fund Services set out in Section 4 and **Appendix 1 and 2**
 - iii) approve a review of Perth Harbour operations for consideration by elected members – see paragraph 4.16
 - iv) note the projected outturn for Corporate Budgets set out in Section 5
 - v) note the Health & Social Care projected outturn, which is summarised in section 5 and **Appendix 3**,
 - vi) note the projected outturn for the Housing Revenue Account which is summarised in Section 6 and **Appendix 4**.
 - vii) approve the adjustments to the 2022/23 Management Revenue Budget detailed in **Appendices 1, 2, 4, 5 and 6** and Section 7, 8, 9 and 10.
 - viii) note that this position will be kept under review and mitigating action may be required to manage the projected over spend in 2022/23.

3. BACKGROUND

- 3.1 This report updates the Committee on progress with the 2022/23 Revenue Budget. **Appendix 1** to this report summarises the current projected year end

(outturn) position for each Service based upon the June 2022 ledger, updated for any subsequent known material movements.

- 3.2 The budget total reflected in Column 1 of **Appendix 1** to this report is that approved by the Council in setting the 2022/23 Final Revenue Budget on 23 February 2022 (Report No. 22/35 refers). In addition, adjustments approved by Council on 25 May and 17 August 2022 and by the Strategic Policy & Resources Committee on 20 April 2022 (Report No. 22/87 refers) are reflected in **Appendix 1** (Column 2).
- 3.3 The Council's Financial Regulations currently allow Executive Directors to vire budgets up to £100,000 within their Service. Any virements between Services of more than £100,000 are either included in the body of the revenue monitoring report or in the appendices for approval.
- 3.4 This report details the latest projected outturns and proposed adjustments to the 2022/23 General Fund and Housing Revenue Account budgets.
- 3.5 On 22 June 2022, the Council approved the Financial Strategy which set out a number of principles that will assist Medium Term Financial Planning and development of Revenue and Capital Budgets (Report No. 22/141 refers).

4. REVENUE MONITORING – SERVICE BUDGETS

- 4.1 Details of variances against Service budgets are shown in **Appendix 2** to this report with the most significant variances summarised below. The total net projected over spend on Service budgets, as set out in **Appendix 1** to this report, is **£1.568 million** which represents **0.45%** of total net Service expenditure.
- 4.2 The management of Service over and under spends are considered throughout the financial year and may also form part of the Revenue Budget strategy for future years.
- 4.3 There remains a risk that the Council continues to experience increases in costs over the short to medium term that are higher than budgeted inflation levels. This is already being seen in the cost of the materials required by property and housing maintenance teams. Going forward, this may have an impact on projected outturns and future years' budgets.
- 4.4 In addition, the 2022/23 pay negotiations have not yet concluded which presents a further risk to both the current year's Revenue Budget and future years.

Education & Children's Services

- 4.5 The projected outturn for Education & Children's Services excluding Devolved School Management (DSM) and the Pupil Equity Fund (PEF) is currently anticipated to be **in line** with the budget. However, there are several projected over and under spends that are summarised as follows.

- 4.6 Within non devolved Education Services there is a projected under spend of **£737,000**. This is primarily a result of staff slippage within the Nursery Sector, an insurance rebate in the Secondary Sector and projected under spends on home to school transport and additional support needs provision within the Special Sector.
- 4.7 In Services for Children, Young People & Families there is a projected net over spend of **£1.376 million**. The main factor contributing to this position is increased demand / need for support for young people with complex behavioural issues, kinship care, support for care experienced young people and self-directed support. Officers continue to monitor the need for placements and consider any mitigations which could prevent residential care. However, this is frequently governed via legislative controls and the need to manage high levels of risk. Furthermore, the staff slippage target is not being achieved and there is a projected over spend on legal fees and the cost of translation / interpreter services. This position is partially offset by additional grant funding.
- 4.8 In Business & Resource Services there is a projected under spend of **£71,000** due to staff slippage and reduced recharges.
- 4.9 In Catering Services there is a projected net under spend of **£568,000** due primarily to reduced uptake for nursery and breakfast club meals and staff slippage.
- 4.10 There is a planned under spend of **£449,000** on Devolved School Management budgets (DSM) due to staff slippage which represents **0.4%** of the overall DSM budget. It is anticipated that in line with the approved DSM scheme, the eventual over and under spends will be carried forward into 2023/24. The budgets for the Devolved School Management scheme are allocated by financial year (April – March), whereas expenditure is incurred by academic year (August – June).
- 4.11 At this stage of the academic year, expenditure met from the Pupil Equity Fund (PEF) is projected to be **£300,000** less than the allocation from the Scottish Government of £1.874 million. Schools are being instructed to use this year's PEF by 31 March 2023. It is anticipated that the projected under spend on teacher and support costs will be carried forward to 2023/24 to meet commitments. The budgets for the Pupil Equity Fund scheme are allocated by financial year, whereas expenditure is incurred by academic year.

Communities

- 4.12 The projected outturn for Communities is currently anticipated to be **£248,000** more than budget. The movements are summarised as follows.
- 4.13 In Business & Resources there is a projected net under spend of **£40,000**. This is made up of asset management savings partially offset by additional costs at Perth Bus Station. Within this projection there is a projected deficit on the Car Park Trading Account of £355,000 which will be funded by the Car Park Trading Account earmarked Reserve.

- 4.14 In Environmental & Consumer Services there is a projected net over spend of **£115,000** due to inflationary pressures on fuel and shortfall in commercial waste income partially offset by a rephasing of loan charges relating to the vehicle replacement programme and income from statutory road charges.
- 4.15 In Planning & Development there is a projected over spend of **£98,000** due to additional operating costs and reduced income at Perth Harbour – this is in addition to the budgeted deficit of £178,000.
- 4.16 Perth Harbour continues to underperform against Business Plan expectations with a total of four cargo consignments this year, and one since April. The industrial land around the Harbour is either privately owned or held in the Common Good and therefore the principal income generated by the Harbour is from vessel dues and leasing out the Fair Maid tug to Montrose Port. Total income to date this financial year is £12,600 of which £1,800 is from vessel dues. The Harbour Board has indicated that it anticipates additional expenditure in the region of **£80,000** later this year largely in respect of proposed dredging at the Harbour mouth, due to the build-up of sediment normally dispersed by vessel propellers. Accordingly the Board is looking to the Council to fund this further pressure.
- 4.17 The following table provides elected members with a high-level summary of the final outturns for Perth Harbour over the last five years.

| | Gross Expenditure | Gross Income | Deficit |
|---------------------------|-------------------|--------------|----------------|
| FINAL OUTTURNS | | | |
| 2017/18 | 244,000 | 29,000 | 215,000 |
| 2018/19 | 394,000 | 39,000 | 355,000 |
| 2019/20 | 241,000 | 68,000 | 173,000 |
| 2020/21 | 265,000 | 72,000 | 193,000 |
| 2021/22 | 334,000 | 45,000 | 289,000 |
| PROJECTED OUTTURNS | | | |
| 2022/23 | 315,000 | 39,000 | 276,000 |

- 4.18 Given the uncertainty around future income relative to expenditure, officers would propose undertaking a review of Harbour operations for consideration by members, prior to any decision being taken regarding additional funding.
- 4.19 **ACTION:** The Committee approves a review of Perth Harbour operations for consideration by elected members.
- 4.20 In Housing there is a projected over spend of **£75,000** due to additional costs relating to Greyfriars Hostel and the Local House Condition Survey.

Corporate & Democratic Services

- 4.21 The projected outturn for Corporate & Democratic Services is currently anticipated to be **£1.340 million** more than budget. The movements are summarised as follows.
- 4.22 In Property there is a net projected over spend of **£1.658 million**. This is primarily as a result of inflationary pressures on energy and maintenance costs. Work is underway to manage these over spends including energy management measures and revisiting maintenance works.
- 4.23 In Legal and Governance Services there is a projected net under spend of **£150,000**. The main reason for this is additional income from licensing and recharges.
- 4.24 Within Human Resources there is a projected under spend of **£148,000** due primarily to additional income from recharges.
- 4.25 Across the remainder of the Service there is a projected under spend of **£20,000** due to staff slippage and additional income.

Chief Executive Service

- 4.26 The projected outturn for the Chief Executive's Service is currently anticipated to be **£20,000** less than budget due to staff slippage.

5. REVENUE MONITORING – CORPORATE BUDGETS

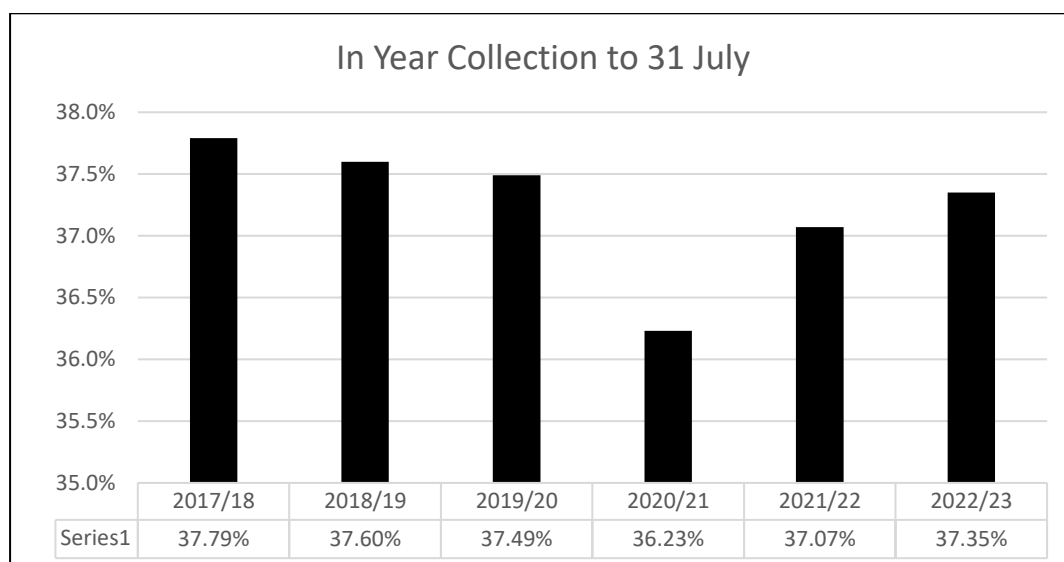
Health & Social care

- 5.1 Across the Perth and Kinross Health & Social Care Partnership there is a projected under spend of **£1.196 million** which is set out in **Appendix 3**. This projected under spend on social care is driven by slippage in planned Perth & Kinross Integration Joint Board (PKIJB) investment in Older Peoples Services as well as under spends in Care at Home and Care Home Placements. Recruitment of staff to support the planned expansion of services continues to be a significant challenge. Within Health, Older Peoples Services is projecting an over spend within hospital activity levels leading to an unplanned increase in bed numbers. Similar recruitment challenges are being experienced requiring significant use of premium rate staffing.
- 5.2 Further information on the range of other factors impacting on this projection is included in the PKIJB Finance Report for the quarter to 30 June 2022 which will be published on 19 September 2022.
- 5.3 In addition, there is a projected under spend of **£356,000** on non-devolved social care functions.

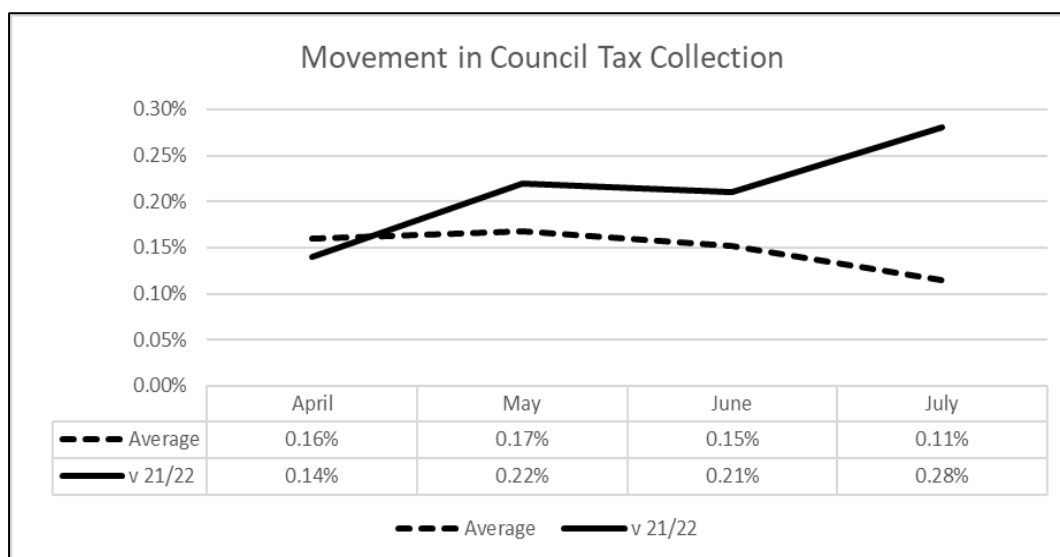
Council Tax Income

- 5.4 The amount of income the Council will generate from Council Tax is dependent on two main factors, firstly the collection levels and secondly, the number of Band D properties on the Valuation Roll.

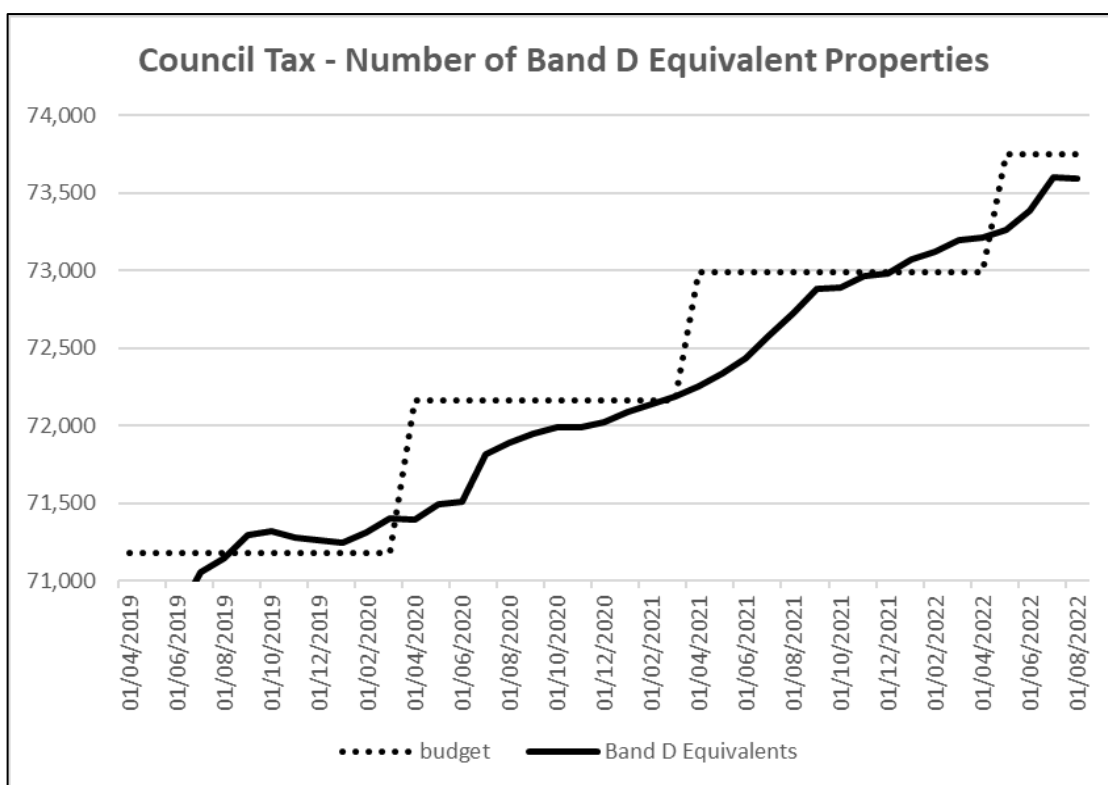
- 5.5 Monitoring of Council Tax collection levels is carried out monthly. The following graph sets out collection performance to 31 July together with prior year comparative figures for the previous five financial years (the collection level for 2022/23 has been adjusted to reflect the consequences of the Scottish Government funded Cost of Living Award on in year performance).



- 5.6 Between 2017/18 and 2021/22, the average collection figure to 31 March was 37.24%. The actual collection figure to 31 July 2022 was 37.35% which is an increase of 0.11% compared to the historical average and a 0.28% increase on the comparable position in 2021.



- 5.7 Secondly, in setting the Council's Revenue Budget, assumptions are made on increases in the number of Band D equivalent properties. The graph set out below suggests that actual growth levels are in line with budget assumptions.



- 5.8 The latest projected outturn indicates that Council Tax income is in line with budgeted assumptions in 2022/23. There are several national issues that may impact on Council Tax income going forward. The potential impact of these issues will be kept under review with updates to elected members being provided to future meetings of this Committee.

Council Tax Reduction Scheme

- 5.9 Council Tax Reduction is a statutory function and encouraging take up is a key responsibility for the Council, particularly when households are facing significant pressures on the cost of living.
- 5.10 The Council is currently supporting approximately 8,300 households across Perth and Kinross with the Council Tax Reduction Scheme with an average award of £16 per week. This results in a projected over spend on the Council Tax Reduction Scheme of approximately **£800,000**.

Non-Domestic Rates

- 5.11 The actual collection rate to 31 July 2022 was **24.06%**, compared to 21.88% for the same period in 2021/22.

6. REVENUE MONITORING – OTHER REVENUE BUDGETS

Housing Revenue Account

- 6.1 The Housing Revenue Account is currently projected to **break even** in the current financial year. The main reasons for this movement are summarised below and set out in **Appendix 4**.

- 6.2 In Housing & Repairs there is a projected over spend of **£273,000** due, in the main, to inflationary pressures on materials, fuel and energy costs.
- 6.3 In Perth City and Specialist there is a projected over spend of **£104,000** due to additional energy and staff costs.
- 6.4 In Administration there is a projected under spend of **£186,000** due to a reduced bad debt provision and reduced recharges, partially offset by void rent loss and Council Tax / utility charges.
- 6.5 Across the remainder of the Housing Revenue Account there is a projected net under spend of **£35,000**.
- 6.6 As a result of the variances identified above Capital from Current Revenue will be reduced by **£156,000**.
- 6.7 In addition, it is proposed that **£950,000** is drawn down from the HRA Covid-19 earmarked Reserve to fund the activity set out in **Appendix 4**.

Impact on Arm's Length External Organisations (ALEOs)

- 6.8 The Council continues to work closely with its three Arm's Length External Organisations (ALEOs) – Live Active Leisure (LAL), Horsecross Arts (Hx Arts) and Culture Perth & Kinross (CPK) who make an important contribution to the wellbeing of both citizens and visitors to Perth and Kinross.
- 6.9 As sole member and core funder of all three ALEOs, the Council has managed financial risk by maintaining normal monthly service level agreement payments to all three organisations to mitigate the impact of Covid-19. In addition, officers continue to work closely with all three ALEOs to understand the impact of Covid-19 more fully on service delivery.
- 6.10 To date, no significant financial issues have been identified relating to Culture Perth and Kinross or Horsecross Arts Ltd.
- 6.11 Based on monitoring to 31 July 2022, Live Active Leisure (LAL) is projecting a deficit in the range of between **£600,000** and **£1.2 million** for 2022/23. This projection is based on four months of activity and therefore too early to provide a firm position. However, officers are closely monitoring the LAL position given that in both 2020/21 and 2021/22 they delivered small surpluses. Key financial variables include –
- staff costs (a number of key posts remain vacant, and this is likely to be the case throughout the remainder of 2022/23);
 - maintenance expenditure (some works may not take place in 2022/23 due to key staff vacancies);
 - the positive impact on income resulting from the continued closure of Olympia in Dundee.
 - LAL is now on the Scotland Excel procurement framework for energy so is able to project utility costs with more certainty than in previous years.

- 6.12 Live Active Leisure continues to retain **£600,000** in its reserves to contribute to any year end deficit position.
- 6.13 The long-term impact on Covid-19 on the Council's ALEOs across future financial years will be kept under review with updates provided to future meetings of the Finance & Resources Committee.

7. ISSUES ARISING FROM FINANCIAL YEAR 2021/22

- 7.1 In completing the 2021/22 Unaudited Annual Accounts, several issues have been identified which require adjustments to be made to the 2022/23 Management Budget.

Devolved School Management

- 7.2 In setting the 2022/23 Final Revenue Budget on 23 February 2022 (Report No. 22/35 refers) the Council approved a Devolved School Management (DSM) carry forward of £776,000. However, the final under spend (which included agreed planned carry forwards) on the DSM scheme was £1.191 million, an increase of **£415,000** mainly due to a further rephasing of expenditure in line with the academic year.
- 7.3 **ACTION:** The Committee is requested to allocate the additional under spend of **£415,000** to Education & Children's Services to reflect the additional Devolved School Management scheme balances brought forward from 2021/22. This adjustment is reflected in Appendix 1 (Column 3) to this report and has no overall impact on the level of uncommitted Reserves.

Revenue Grants

- 7.4 Accounting arrangements under International Accounting Standards require that, subject to certain conditions, revenue grants which were received by the Council in 2021/22 but not utilised by 31 March 2022 should be accounted for in Reserves at the end of the financial year. Approval is sought to draw down **£8.815 million** in 2022/23 from the earmarked Reserve for Revenue Grants. These revenue grants are set out in detail in **Appendix 5**.
- 7.5 Approval is now sought to adjust the budgets of Education & Children's Services (£2.900 million), Communities (£4.147 million), Corporate & Democratic Services (£1.610 million) and Health & Social Care (£158,000).
- 7.6 **ACTION:** The Committee is asked to approve the adjustments totalling **£8.815 million** to the above Service budgets (set out in detail in **Appendix 5**), funded from Reserves, to reflect revenue grants received in 2021/22 in respect of expenditure which will not be incurred until 2022/23. These additional adjustments are reflected in Appendix 1 (Column 3) to this report and have no overall impact on the budgeted level of uncommitted Reserves.

8. 2022/23 ADDITIONAL FUNDING

- 8.1 Since the 2022/23 Revenue Budget was updated on 20 April 2022 (Report No. 22/87 refers), the Council has been advised of additional funding for the current financial year from several sources. To ensure that the 2022/23 Management Budget continues to reflect the operational requirements of the Council, several adjustments are required, which are summarised below and included in **Appendix 1** and **Appendix 6**.

Scottish Government – Revenue Support Grant:

- Boost Targeted In-Person Easter Study Support 2022: £54,124 (Education & Children's Services - ECS)
 - 1+2 Languages: £30,942 (ECS)
 - Targeted Holiday Provision for Primary School Children in Summer 2022: £242,363 (ECS)
 - Whole Family Wellbeing 2022-23: £805,000 (ECS)
 - SNCT Pay Award 2021/22 Recurring Costs for 2022/23: £863,000 (Reserves)
- 8.2 The Scottish Government has advised that the increase in Revenue Support Grant identified above of **£1.995 million** will be made through a redetermination of the Council's Revenue Support Grant. It is therefore necessary to adjust budgets for Education & Children's Services, Reserves and Revenue Support Grant.
- 8.3 **ACTION:** The Council is asked to approve the adjustments set out at paragraph 8.2 which is reflected in **Appendix 1** (Column 4) to this report.

Scottish Government – Ring Fenced Grants

- 8.4 The Scottish Government has advised that the final amount allocated for Pupil Equity Funding will be **£209,410** more than previously advised. In addition, the Scottish Government has also advised that the total Criminal Justice Social Work Grant for 2022/23 will be **£467,265** more than originally budgeted. It is therefore necessary to adjust both the budget for Education & Children's Services and Ring Fenced Grant.
- 8.5 **ACTION:** The Committee is asked to approve the adjustments set out at 8.4 above. These adjustments are reflected in **Appendix 1** (Column 4) to this report.

Other Funding

- 8.6 Other funding amounting to **£5.119 million** will be paid outside the Revenue Support Grant mechanism as Other Grant income and is, therefore, cost neutral in terms of the budget summary. Details of this funding is set out in **Appendix 6**.
- 8.7 **ACTION:** The Committee is asked to note the receipt of **£5.119 million** of additional resources, with this funding being reflected within Education &

Children's Services, Communities and Health & Social Care as additional grant income. The current projected outturn assumes that all these additional resources will be fully expended in 2022/23 or will be carried forward under the terms of the grant award.

9. 2022/23 VIREMENTS

Contribution to/from Capital Fund

- 9.1 In line with the strategy for managing the Council's Capital Programme over the medium term, it is recommended that the eventual over or under spend on Capital Financing Costs and Interest on Revenue Balances be transferred from or to the Capital Fund.
- 9.2 The latest monitoring indicates a reduction in the projected outturn for capital financing costs (loan charges) of **£947,000** based on the latest treasury management activity and an increase of **£1.077 million** in income from interest on revenue balances. This will result in an increased Contribution to the Capital Fund of **£2.024 million** in the current financial year
- 9.3 **ACTION:** The Committee is requested to approve the virement of **£947,000** from the Capital Financing Costs (Loan Charges) Budget and **£1.077 million** to Interest on Revenue Balances with a corresponding increase in the projected Contribution from the Capital Fund. These adjustments have been reflected in **Appendix 1** (Column 5) to this report.

Service Virements

- 9.4 To ensure that the 2022/23 Management Revenue Budget continues to reflect current Service needs and operational requirements the following virements between budgets is required.
- Communities to Chief Executive's Service - **£1.817 million** to reflect operational changes in the support of the Council's approved Transformation and Change Strategy.
- 9.5 **ACTION:** The Committee is asked to approve the adjustment to Service Revenue Budgets listed in 9.4 above. These adjustments are reflected in **Appendix 1** (Column 5) to this report.

10. 2022/23 MOVEMENTS IN RESERVES

Transformation Projects

- 10.1 Due to a rephasing of expenditure there is a requirement to draw down funding to support several approved projects as follows:
- Modernising Performance - **£60,000** (Chief Executive's Service)
 - Open Data - **£124,000** (Corporate & Democratic Services (CDS))
 - Working Smarter - **£78,000** (CDS)

- 10.2 **ACTION:** The Committee is asked to approve the transfer of **£262,000** to Corporate & Democratic Services from the earmarked Reserve for Workforce Management (including Transformation). This adjustment is reflected in **Appendix 1** (Column 6) to the report and has no impact on the level of unearmarked Reserves.

Earmarked Reserves

- 10.3 The Reserves Strategy approved by Council on 23 February 2022 (Report No. 22/35 refers) and Unaudited 2021/22 Accounts approved by the Audit and Risk Committee on 28 June 2022 (Report No. 22/157 refers) include recommendations on earmarked Reserves.
- 10.4 Specifically, approval is sought to draw down the following earmarked Reserves for the purposes originally specified –
- Financial Insecurity - £638,000
 - Ventilation Measures - £437,000
 - Contribution to the Insurance Fund - £1 million

- 10.5 **ACTION:** The Council is asked to approve the contributions from earmarked Reserves set out in 10.4 above. These adjustments are reflected in **Appendix 1** (Column 6) to this report and have no impact on the level of unearmarked Reserves.

Covid-19 Earmarked Reserve

- 10.6 Children, Families & Young People Services continue to experience a significant increase in the number of referrals for support because of Covid-19. Approval is sought to draw down additional funding of **£188,000** from the Covid-19 earmarked Reserve to maintain additional capacity to meet this growing need.
- 10.7 **ACTION:** The Committee is asked to approve the transfer of **£188,000** to Education & Children's Services from the Covid-19 earmarked Reserve. This adjustment is reflected in **Appendix 1** (Column 6) to this report.

Affordable Housing

- 10.8 On 2 June 2021, the Strategic Policy & Resources Committee approved funding for a 2 year period to progress a Missing Shares scheme from the Council's Affordable Housing earmarked Reserve (Report No 21/70 refers). This work commenced in September 2021 and approval is now sought to draw down the required funding for 2022/23.
- 10.9 **ACTION:** The Committee is asked to approve the transfer of £28,000 to Communities from the Council's Affordable Housing earmarked Reserve to take forward the Missing Shares scheme. This adjustment is reflected in **Appendix 1** (Column 6) to this report.

11. CONCLUSION

- 11.1. Currently, a projected over spend of **£1.949 million** has been identified. This position will be kept under review and mitigating action may be required to support the delivery of the 2022/23 Final Revenue Budget.
- 11.2. The Council's financial position remains challenging and regular updates will be provided to the Council and the Finance & Resources Committee as the position develops.

APPROVED

| Name | Designation | Date |
|-------------------|-------------------------|----------------|
| Stewart Mackenzie | Head of Finance | 29 August 2022 |
| Karen Donaldson | Chief Operating Officer | 29 August 2022 |

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

1. Strategic Implications

Corporate Plan

- 1.1 The Council's Corporate Plan 2018 – 2022 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 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 must 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 Executive Leadership Team have been consulted in the preparation of this report.

2. BACKGROUND PAPERS

- 2.1 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 1 – 2022/23 Management Budget
- Appendix 2 – General Fund 2022/23 Projected Outturn – Service Analysis
- Appendix 3 – Perth & Kinross Integration Joint Board
- Appendix 4 – Housing Revenue Account 2022/23 Projected Outturn
- Appendix 5 – Revenue Grants
- Appendix 6 – Other Grant Funding

PERTH & KINROSS COUNCIL GENERAL FUND
2022/23 REVENUE BUDGET - SUMMARY

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
|---|--|--|--|----------------------------|-----------|-----------------------------|-------------------------------------|----------------------|---|---|
| | 2022/23 Council Approved Budget | Previously Approved Adjustments (Net) | Issues Arising From 2021/22 Accounts | Movements in Funding | Virements | Movements in Reserves | 2022/23 Revised Mgt Budget | Projected Outturn | Variance to Revised Mgt Budget £'000 | Variance to Revised Mgt Budget % |
| SERVICE | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | % |
| Education & Children's Services | 212,418 | 5,153 | 3,315 | 1,809 | | 188 | 222,883 | 222,883 | 0 | 0.00% |
| Communities | 71,165 | 1,876 | 4,147 | | (1,817) | 28 | 75,399 | 75,647 | 248 | 0.33% |
| Corporate & Democratic Services | 35,228 | 2,334 | 1,610 | | | 1,277 | 40,449 | 41,789 | 1,340 | 3.31% |
| Chief Executives | 1,174 | | | | 1,817 | 60 | 3,051 | 3,031 | (20) | (0.7%) |
| Sub - Total: Service Budgets | 319,985 | 9,363 | 9,072 | 1,809 | 0 | 1,553 | 341,782 | 343,350 | 1,568 | 0.46% |
| Corporate Budgets | | | | | | | | | | |
| Health & Social Care | 74,866 | 6,730 | 158 | | | | 81,754 | 81,398 | (356) | (0.4%) |
| Contribution to Valuation Joint Board | 1,309 | | | | | | 1,309 | 1,309 | 0 | 0.00% |
| Capital Financing Costs | 13,866 | | | | (947) | | 12,919 | 12,919 | 0 | 0.00% |
| Interest on Revenue Balances | (200) | | | | (1,077) | | (1,277) | (1,277) | 0 | 0.00% |
| Net Contribution to/(from) Capital Fund | 1,530 | | | | 2,024 | | 3,554 | 3,554 | 0 | 0.00% |
| Contribution to/(from) Insurance Fund | 200 | | | | | 1,000 | 1,200 | 1,200 | 0 | 0.00% |
| Trading Operations Surplus | (550) | | | | | | (550) | (550) | 0 | 0.00% |
| Support Service External Income | (2,153) | | | | | | (2,153) | (2,153) | 0 | 0.00% |
| Tayside Pension Fund | 1,565 | | | | | | 1,565 | 1,565 | 0 | 0.00% |
| Apprenticeship Levy | 818 | | | | | | 818 | 818 | 0 | 0.00% |
| Council Tax Reduction Scheme | 6,200 | | | | | | 6,200 | 7,000 | 800 | 12.90% |
| Discretionary Relief | 150 | | | | | | 150 | 150 | 0 | 0.00% |
| Net Expenditure (General Fund) | 417,586 | 16,093 | 9,230 | 1,809 | 0 | 2,553 | 447,271 | 449,283 | 2,012 | 0.45% |
| Financed By: | | | | | | | | | | |
| Revenue Support Grant | (234,656) | (16,454) | | (1,995) | | | (253,105) | (253,105) | 0 | 0.00% |
| Ring Fenced Grant | (17,194) | | | (677) | | | (17,871) | (17,871) | 0 | 0.00% |
| Non Domestic Rate Income | (46,141) | | | | | | (46,141) | (46,141) | 0 | 0.00% |
| Council Tax Income | (98,941) | 6,035 | | | | | (92,906) | (92,906) | 0 | 0.00% |
| Capital Grant | (1,600) | (120) | | | | | (1,720) | (1,720) | 0 | 0.00% |
| Total Financing | (398,532) | (10,539) | 0 | (2,672) | 0 | 0 | (411,743) | (411,743) | 0 | 0.00% |
| Financed from/(returned to) Reserves | 19,054 | 5,554 | 9,230 | (863) | 0 | 2,553 | 35,528 | 37,540 | 2,012 | |

PERTH & KINROSS COUNCIL - GENERAL FUND 2022/23 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 30 June 2022)

| SERVICE | Variance £'000 | Variance £'000 | Summary of Service Variances |
|--|-------------------|-------------------|--|
| Education & Children's Services | | | |
| Total | 0 | | |
| | | | DEVOLVED SCHOOL MANAGEMENT SCHEME (DSM) |
| | | | There are 66 primary schools, 7 secondary schools, 4 all through schools, 46 nurseries and early learning centres and 1 special school within the Council's DSM scheme. Each school has an individual budget, primarily based on pupil numbers. Headteachers are responsible for the annual budgets devolved to them in April each year. The total DSM budget for 2022/23 is £113.876 million including carry forwards. |
| | | | Within the scheme there is a facility allowing for DSM balances, whether surplus or deficit, to be brought forward from the previous financial year. In addition to the resources devolved, balances may also be available to headteachers of schools that have a carry forward. In 2021/22, £1.191 million of DSM balances were brought forward. |
| | | (449) | Staff Costs Additional slippage due to staff turnover |
| | | 449 | There is currently a projected net under spend of £449,000 based on current spending plans from schools for the current academic year that runs to June 2023. The maximum carry forward under the DSM scheme is 2.5%, the current projection is 0.4%. |
| | | | Pupil Equity Fund |
| | | (300) | The majority of schools within Perth & Kinross Council have been allocated a share of £1.874 million of Pupil Equity Funding from the Scottish Government as a ring fenced grant. Schools are being instructed to use this year's PEF Grant by 31 March 2023 as per the revised Scottish Government guidance. At this time £300,000 is projected to be carried forward into 2023/24 for teacher and support staff costs to the end of the current academic year. |
| | | 300 | Projected carry forward of Pupil Equity Funding. |
| | | | NON DEVOLVED |
| | | | Education Services |
| | | | Nursery Sector |
| | | (184) | Additional slippage due to turnover of staff. |
| | | (31) | Savings from non-domestic rates as early learning centres are exempt from the charge. |
| | | | Secondary Sector |
| | | (181) | Projected under spend on investment in learning unitary charge due to an insurance rebate. |
| | | | Special Sector |
| | | (130) | Projected under spend on home to school transport after allowing for non-recurring increase of £250,000. |
| | | (211) | There is a projected under spend on the budget for young people with additional support needs (ASN) who are educated out with the Council's mainstream school provision. |
| | | | Services for Children, Young People & Families |
| | | 188 | Projected costs of additional social work capacity to meet increasing need. |
| | | (188) | Contribution from Covid-19 earmarked Reserve |
| | | 86 | Projected over spend on legal fees and translation / interpreter services |
| | | 734 | The budget for young people with complex behavioural issues, which includes a number of pupils placed within residential schools, is projected to overspend due to additional demand. |
| | | 286 | A projected over spend on Kinship Care (£555,000) due to demand partially offset by a projected under spend in Foster Care (£229,000). |
| | | 309 | There is a projected over spend in relation to supporting care experienced young people (continuing care, supported accommodation,) due to increasing demand. |
| | | 85 | There is a projected over spend on self directed support (children & disability team - respite provision) due to the level of demand and an increase to the hourly rate paid to clients. |
| | | (124) | Additional grant funding for Unaccompanied Asylum Seeking Children (£86,000); Wellbank Rental Income (£23,000) and Alcohol & Drug Partnership (£15,000) |
| | | | Business and Resources Services |
| | | (44) | Additional slippage due to turnover of staff. |
| | | (27) | Projected underspend due to Area Office recharge no longer required. |

PERTH & KINROSS COUNCIL - GENERAL FUND 2022/23 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 30 June 2022)

| SERVICE | Variance £'000 | Variance £'000 | Summary of Service Variances |
|---------------------------|-------------------|-------------------|---|
| | | | <u>Catering Services</u> (76) Additional staff slippage. (600) Projected under spend (£600,000) within the Early Learning & Childcare 1140 grant, for nursery meals. (255) Projected under spend of school meals due to uptake (£255,000) partially offset below by reduced income. 363 Projected shortfall in income from breakfast clubs (£120,000) and school meals (£243,000). |
| <u>Communities</u> | | | |
| Total | 248 | | |
| | | | BUSINESS AND RESOURCES Public Transport Unit / Corporate Property Asset Management 40 Perth Bus Station - increased costs (80) Corporate Asset Management - accelerated savings 355 Car Park Trading Account - projected reduction in income and increased provision for bad debts (355) Drawdown from Car Park Trading Account earmarked Reserve ENVIRONMENTAL AND CONSUMER SERVICES Roads (150) Projected additional income from statutory road network works Regulation 25 Projected shortfall in Corporate Health and Safety income Operations 270 Projected shortfall in commercial waste income (150) Projected additional income from sale of recyclates due to favourable market prices 400 Projected additional cost of fuel across Operations due to increase in price Fleet Management (280) Saving on loan charges due to slippage on planned vehicle replacement programme PLANNING AND DEVELOPMENT 98 Perth Harbour - projected increase in operating costs /shortfall in income HOUSING 35 Greyfriars - projected increased in void rent loss and provision for bad debts 10 Greyfriars - projected increase in energy costs 30 Cost of Local House Condition Survey to inform the Local Housing Strategy |

PERTH & KINROSS COUNCIL - GENERAL FUND 2022/23 PROJECTED OUTTURN - SERVICE ANALYSIS
(Based on Expenditure to 30 June 2022)

| SERVICE | Variance £'000 | Variance £'000 | Summary of Service Variances |
|---|-------------------|-------------------|--|
| <u>Corporate & Democratic Services</u> | | | |
| Total | 1,340 | | |
| | | | <u>Legal & Governance Services</u> |
| | | (130) | Projected additional income from licensing and recharges |
| | | (94) | Rephasing of expenditure relating to Council approved projects (Kinross Area Committee & Events Support) |
| | | 36 | Projected over spend in relation to elected members |
| | | 38 | Net projected overspend across function (including non-achievement of slippage target) |
| | | | <u>Human Resources</u> |
| | | (113) | Additional projected income from salary sacrifice scheme and other recharges |
| | | (26) | Additional staff slippage |
| | | (9) | Net projected under spend on other budgets |
| | | | <u>Information Technology and Revenues & Benefits</u> |
| | | (20) | Miscellaneous other projected net under spends. |
| | | | <u>Property</u> |
| | | 959 | Projected over spend on energy costs due to inflationary pressures. |
| | | 740 | Projected over spend on maintenance relating to compliance remedial works. |
| | | (41) | Miscellaneous other projected net under spends. |
| <u>Chief Executive's Service</u> | | | |
| Total | (20) | | |
| | | (20) | <u>Core Costs</u> |
| | | | Staff slippage |
| TOTAL | 1,568 | | |

APPENDIX 3

Perth and Kinross Integration Joint Board (IJB)

Projected outturn based on Revenue Monitoring to 30 June 2022

| | Projected Out-turn Over / (Under) Spend | | |
|---|---|----------|----------------|
| | £'000 | £'000 | £'000 |
| DEVOLVED FUNCTIONS | | | |
| Older People Services | (1,748) | 3,033 | 1,285 |
| Adult Services | 548 | (488) | 60 |
| Other Community Services | (130) | 0 | (130) |
| Management/Commissioned/Other | 1,203 | 396 | 1,599 |
| Undelivered Savings | 923 | 740 | 1,663 |
| Planned use of Covid-19 Reserves | (1,992) | (3,681) | (5,673) |
| Projected Outturn - Social Care (Devolved) | (1,196) | 0 | (1,196) |
| Projected Outturn - Social Care (Non-Devolved) | (356) | 0 | (356) |

PERTH & KINROSS COUNCIL - HOUSING REVENUE ACCOUNT 2022/23 PROJECTED OUTTURN
(Based on expenditure to 30 June 2022)

| £'000 | Summary of Service Variances |
|-------|--|
| 273 | Housing Repairs A projected over spend within stores (£216,000) as a result of the increased cost of materials, diesel (£46,000) and gas & electricity (£37,000). These projected over spends are partially offset by staff slippage (£26,000). |
| (50) | Improvements Projected under spend on staff costs. |
| 10 | Letham, North & South Projected over spend on staff costs. |
| 104 | Perth City and Specialist Projected net over spends on electricity and gas costs within Sheltered Housing (£75,000) and staff costs (£29,000). |
| 12 | Housing Management Projected over spend on staff costs, including the Apprenticeship Levy. |
| (186) | Administration Projected under spend on bad debt provision (£350,000), lower corporate recharges compared to budget (£103,000), reduced recharges from the General Fund (£93,000) and under spends in non-staff budgets (£9,000). These are partially offset by projected over spends on void rent loss based on similar trend to last year (£262,000), void rates / Council Tax / utilities (£94,000) and recharges (£13,000). |
| (7) | Income Projected additional income from Interest on Revenue Balances (£25,000). |
| (156) | Capital Financed from Current Revenue As a result of the projected net over spends highlighted above, this is the reduction in the amount available to invest in the HRA capital programme from the Revenue Budget. |
| 950 | Specific Covid-19 Related Expenditure Projected expenditure funded by earmarked Reserves:- <ul style="list-style-type: none"> - Estate Based Initiatives - £100,000 - Project management capacity to take forward Multi-Storey Works - £62,000 - Electrical Inspection Condition Reports (EICR) and capacity - £398,000 - Repairs Backlog from 2021/22 - £150,000 - Tenancy Sustainment Fund - additional funding to support tenants in hardship - £50,000 - Service & Compliance capacity - £95,000 - Capacity to take forward land grabbing issues - £35,000 - Safer Communities Co-ordination - £38,000 - Support for Gypsy Travellers - £22,000 |
| (950) | Contribution from HRA Earmarked Reserve for Covid-19 |
| 0 | |

APPENDIX 5

Revenue Grants

| | |
|---|-------------------|
| Education & Children's Services | |
| Scottish Government - Education Recovery | £1,152,000 |
| Scottish Government - Pupil Equity Fund | £419,000 |
| Scottish Government - Fair Employability & Skills | £379,000 |
| Scottish Government - Free School Meals | £180,000 |
| Non RSG Carry Forward | £541,000 |
| Other Grants (x4) | £229,000 |
| | |
| Communities | |
| Scottish Government -Regeneration Capital Grant Fund - Place Based Investment Programme | £1,119,000 |
| Scottish Government - Rural Tourism Infrastructure Fund | £586,000 |
| Scottish Government - Fair Employability & Skills | £1,017,000 |
| The Edrington Trust - Creative Exchange Hub | £159,000 |
| UK Government - Levelling Up Fund | £94,000 |
| Scottish Government - Young Persons Guarantee | £299,000 |
| Other Grants (x16) | £873,000 |
| | |
| Corporate & Democratic Services | |
| Scottish Government - Business Support & Low Income | £1,075,000 |
| Scottish Government - Financial Insecurity | £141,000 |
| Scottish Government - Scottish Child Bridging Payment | £302,000 |
| Other Grants (x2) | £92,000 |
| | |
| Health & Social Care | |
| Mental Health Officers - Capacity & Training | £83,000 |
| Other Grants (x2) | £75,000 |
| | |
| TOTAL | £8,815,000 |

APPENDIX 6

Other Grant Funding

| | |
|--|-------------------|
| Education & Children's Services | |
| Scottish Government – Community Mental Health & Wellbeing | £418,000 |
| Scottish Government – Justice Social Work Service - Support Pandemic Recovery Work | £324,491 |
| Scottish Government – Caledonian Men's Programme | £155,040 |
| Scottish Government – Scottish Milk and Healthy Snack Scheme | £355,000 |
| Scottish Government – Education Maintenance Allowance 2022/23 | £307,998 |
| Scottish Government – Scottish Attainment Challenge – Care Experienced Children & Young People | £155,232 |
| Scottish Government – Strategic Equity Funding 2022/23 | £251,412 |
| European Social Fund – Westbank Project (Year 4) | £120,991 |
| Gannochy Trust – Universal Youth Service Partnership | £153,402 |
| Bord na Gaidhlig Immersion Course | £69,680 |
| | |
| Communities | |
| Scottish Government – No One Left Behind 22/23 | £971,711 |
| Scottish Government – Public Electric Vehicle Charging Strategy & Infrastructure | £60,000 |
| Scottish Government – Local Air Quality Management | £99,868 |
| Scottish Government – Local Air Quality Action Plan | £166,830 |
| Scottish Government – Ukraine Warm Scottish Welcome | £159,939 |
| Visit Scotland – Destination & Sector Marketing Fund Top Up | £70,000 |
| UK Government – Homes for Ukraine | £1,208,200 |
| | |
| Health & Social Care | |
| Scottish Government – Support Gathering Supporting Information on behalf of Clients applying for Adult Disability Payments | £71,000 |
| | |
| TOTAL | £5,118,794 |

PERTH & KINROSS COUNCIL

Finance & Resources Committee

7 September 2022

COMPOSITE CAPITAL BUDGET 2022/28 & HOUSING INVESTMENT PROGRAMME 2022/27 – MONITORING REPORT No.1

Report by Head of Finance
(Report 22/209)

1. PURPOSE

- 1.1 This report provides a summary position to date for the 6-year Composite Capital Budget for 2022/23 to 2027/28 and the 5-year Housing Investment Programme 2022/23 to 2026/27 and seeks approval for adjustments to the programmes.

2. BACKGROUND

- 2.1 The Strategic Policy & Resources Committee approved an updated six-year gross Composite Capital Budget for 2022/23 to 2027/28 totalling **£646,040,000** and a five-year gross Housing Investment Programme for 2022/23 to 2027/28 totalling **£83,856,000** at its meeting on 20 April 2022 (report 22/88 refers).
- 2.2 This report advises on the impact of the final outturn expenditure in 2021/22 on the programmes; expenditure to 31 July 2022, and the latest estimate of the projected outturn for each of the years to 2027/28 for the Composite Programme and to 2026/27 for the Housing Investment Programme.

3. RECOMMENDATIONS

- 3.1 It is recommended that the Committee:
- (i) notes the contents of this report.
 - (ii) approves the proposed adjustments to the six-year Composite Capital Budget 2022/23 to 2027/28 set out in Sections 5 and 6 of this report and summarised in Appendices I and II.
 - (iii) notes the implications for the Council's approved Capital funding strategy as set out in section 5.2.8 and 5.2.9 of the report.
 - (iv) approves the proposed adjustments to the Housing Investment Programme Budget 2022/23 to 2026/27 set out in Section 6 of this report and summarised in Appendix IV.

4. COMPOSITE CAPITAL PROGRAMME – GROSS CAPITAL RESOURCES

- 4.1 The current estimated total gross capital resources (which includes movements in Capital Receipts, Capital Grants, Contributions and borrowing) available over the six years 2022/23 to 2027/28 amount to **£683,102,000**. Movements from the revised Composite Capital Budget approved on 20 April

2022 are summarised in the table below, and the constituent elements for each year are shown in Appendix I.

| | Total Gross Composite Capital Resources | | |
|----------------|--|-----------------------------|-----------------|
| | Approved 20 April 2022 | Current Estimate | Movement |
| | £'000 | £'000 | £'000 |
| 2022/23 | 162,452 | 176,488 | 14,036 |
| 2023/24 | 187,177 | 176,322 | (10,855) |
| 2024/25 | 137,954 | 148,027 | 10,073 |
| 2025/26 | 61,769 | 81,489 | 19,720 |
| 2026/27 | 52,830 | 56,639 | 3,809 |
| 2027/28 | 43,858 | 44,137 | 279 |
| Total | 646,040 | 683,102 | 37,062 |

- 4.2 The report on 20 April 2022 did not include estimates for amounts carried forward from 2021/22. To determine the carry-forward adjustment required for each project in 2022/23, the 2021/22 actual position (subject to audit) has been compared to the projected outturn. These adjustments, are, however, cost neutral over the 2 financial years as they simply reflect changes in the timing of expenditure or the application of income. It is, therefore, proposed to adjust the budget in 2022/23 by the carry forward amounts detailed within Appendix II.

- 4.3 The overall movement in the total Gross Resources for the 6 years 2022/23 to 2027/28 shown at Section 4.1 above can be summarised as follows:

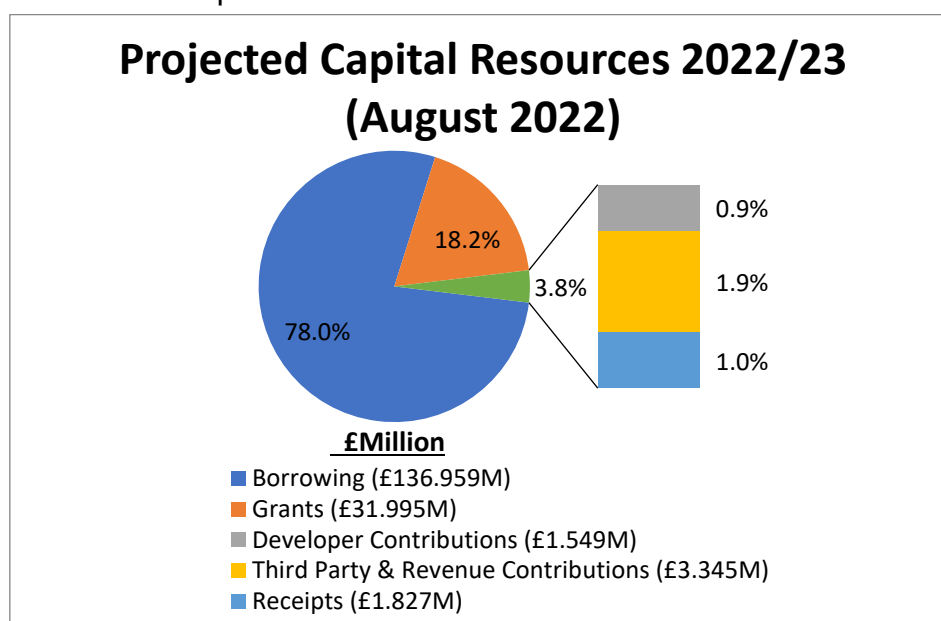
| | £'000 |
|---|---------------|
| Increase in General Fund Property, Commercial Property and Ring-Fenced Receipts (Section 4.4) | 107 |
| Increase in Capital Grants (Section 4.5) | 802 |
| Increase in Third Party, Revenue and Developer Contributions (Section 4.6) | 1,356 |
| Reduction in Receipts c/f to future years (Section 4.4) | 213 |
| Increase in new Borrowing Requirement (Section 4.8) | 34,584 |
| Increase in Gross Capital Resources (Section 4.1) | 37,062 |

- 4.4 Estimated receipts have increased by £107,000, however £103,000 of this relates to timing differences between 2021/22 and 2022/23, with a £4,000 increase in Ring-Fenced receipts relating to Waste Operations in 2022/23 (Section 5.3.12). Similarly, the reduction in Receipts Carried-Forward to future years includes a £68,000 adjustment from last year together with £145,000 relating to the proposed increased expenditure on the Commercial Investment Programme (Section 5.3.11).
- 4.5 There is an adjustment of £318,000 in capital grants carried forward from last year. In addition, the Scottish Government has made additional grant allocations in 2022/23 for the programmes listed below. These have been reflected in the proposed expenditure budgets for these programmes, and are included in Appendix II, as follows:
- £308,000 additional allocation for Cycling Walking & Safer Streets
 - £176,000 Nature Restoration Fund

- 4.6 Third Party Contributions have increased by £1,356,000, of which £221,000 relates to the adjustments to the programme and amounts carried forward from last year, and £1,135,000 are new Contributions to the programme in 2022/23. These relate to £75,000 from TACTRAN for the Cycling Walking & Safer Streets programme (Section 5.3.2), £945,000 from the Forestry Commission for Timber Routes (Section 5.3.4) and £115,000 on the Commercial Property Investment Programme (Section 5.3.11). All movements in Developer Contributions and Revenue Contributions relate to carry forward adjustments between 2021/22 and 2022/23.
- 4.7 The projected borrowing requirement in 2022/23, which is effectively the balancing item for resources, is **£136,959,000**. This is £11,315,000 higher than the borrowing requirement approved on 20 April 2022.
- 4.8 The total borrowing requirement in the subsequent years 2023/24 to 2027/28 has increased by **£23,269,000 to £399,628,000**, resulting in an overall increase of **£34,584,000** across the whole 6-year programme. After allowing for the amount brought forward from 2021/22 of £1,384,000, this leaves an increase of **£33,200,000** relating to new borrowing. The movement in borrowing is summarised as follows:

| | 2022/23 | 2023/24 | 2024/25 | Later Years | Total |
|---|---------------|-----------------|---------------|---------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Increased Borrowing Requirement brought forward from 2021/22 (Appendix II) | 1,384 | 0 | 0 | 0 | 1,384 |
| Increase in Borrowing due to inflationary pressures (Section 5.1) | 16,597 | 5,045 | 11,558 | 0 | 33,200 |
| Movements arising from re-phasing of other expenditure and receipts (Appendix II) | (6,666) | (15,657) | (1,485) | 23,808 | 0 |
| Increase/(Decrease) in Borrowing Requirement | 11,315 | (10,612) | 10,073 | 23,808 | 34,584 |

- 4.9 The chart below shows the Capital Resources required to fund the 2022/23 Composite Capital Programme following the proposed budget adjustments detailed in this report.



5. COMPOSITE CAPITAL PROGRAMME – EXPENDITURE

5.1 Total Expenditure and Proposed Budget Adjustments to the Current Programme

- 5.1.1 Total expenditure (net of grants and contributions) to 31 July 2022 on the Composite Capital Programme amounts to **£20,846,000**, which is detailed in Appendix II and summarised as follows:

| | Net Expenditure to 31 July 2022 |
|---------------------------------|--|
| | £'000 |
| Education & Children's Services | 4,016 |
| Communities | 15,047 |
| Health and Social Care | 43 |
| Corporate & Democratic Services | 1,740 |
| Total | 20,846 |

- 5.1.2 A comprehensive monitoring exercise has been carried out, which is detailed in Appendix II. The most significant features are discussed below under the respective service headings .
- 5.1.3 In setting the 6-year Capital Budget in February 2022 (report 22/36 refers), the Council approved a Capital funding strategy based upon a £450,000 annual increase in the Council's debt servicing or "loan charges" budget each and every year. This funding strategy provided for the estimated cost of delivering the Capital programme at that time, together with some further capacity for future investment needs. There were no specific commitments against this capacity but, as examples, it was recognised that the Council would likely require future Capital investment to support the delivery of the Climate Change Strategy and Economic Wellbeing Plan amongst others.
- 5.1.4 Since the Capital Budget was set, the cost uncertainty caused by construction inflation and supply chain difficulties has been exacerbated by the impact of the conflict in Ukraine on global energy prices and the consequential impact on the supply and cost of construction materials. As a consequence project costs have escalated beyond anything reasonably anticipated back in February.

5.2 Communities

- 5.2.1 The Executive Director (Communities) has reviewed the programme for their Service and proposes various budget adjustments, which are described below. The two most significant are CTRLR and Perth City Hall.
- 5.2.2 The estimated cost of delivering these has been revised upwards as follows:
- Cross Tay Link Road (CTRLR) - up to £32,500,000
 - Perth City Hall - £700,000

Both projects are on site with considerable expenditure already incurred in their delivery to date.

- 5.2.2 With regard to the Cross Tay Link Road (CTLR) project, Appendix III to the report provides the committee with background to the development of the project; its role in the delivery of the approved Local Development Plan 2 and the factors giving rise to a potential increase in forecast cost of up to £32.5 million.
- 5.2.3 The contractor has provided a range of forecast cost estimates for the construction element of the contract. Separately, the Council has engaged Turner & Townsend to review the adequacy of the contingency provision through an assessment of potential risks to the project using industry standard methodology. The table below summarises the main elements of the forecast increase in cost:

| | Approved Budget £ million | Revised Estimate £ million | Variance £ million |
|---------------------------------------|------------------------------|-------------------------------|-----------------------|
| Construction | 94.5 | 108.9 to 111.7 | 14.4 to 17.2 |
| Risk Assessment (contingency) | 2.4 | 16.9 | 14.5 |
| Land and compensation | 5.6 | 5.6 | 0 |
| Professional Fees | 6.8 | 6.6 | (0.2) |
| Licenses and Public Utilities | 3.6 | 4.0 | 0.4 |
| Insurance | 2.0 | 2.2 | 0.2 |
| Consultancy, Surveys & Investigations | 1.9 | 1.9 | 0 |
| Engineering Administration | 1.2 | 1.6 | 0.4 |
| | | | |
| Total | 118 | 147.7 to 150.5 | 29.7 to 32.5 |
| Transport Scotland Funding | (40) | (40) | 0 |
| | | | |
| Revised Net Cost | 78 | 107.7 to 110.5 | 29.7 to 32.5 |

- 5.2.4 The range of potential cost estimates for the CTLR reflect the scale and complexity of the project which is the largest civil engineering works ever undertaken by the Council. The revised forecast for construction costs includes £5 million of cost mitigation measures achieved through value engineering in relation to the design. The risk assessment, in particular, has been revised to reflect the impact of a range of scenarios as outlined in Appendix III and the estimated costs of contingency works are, by definition, uncertain. Given the uncertainties and challenges being experienced across a range of Capital projects, it is, therefore, proposed that the committee make provision for the current “worst-case” scenario with the potential that the eventual cost of the project may not be as high as this forecast.
- 5.2.5 There are a number of significant legal, financial and reputational risks in relation to the CTLR should the Council not progress with the project. These are detailed in Appendix III and include significant risk around the strategic

housing land allocations set out within the Local Development Plan 2 which cannot be delivered without the CTLR

5.2.6 In terms of the financial risks, these are significant and are outlined below:

- The Council has incurred a total of £23.5 million to 31 July 2022 on the delivery of the project since its inception, including expenditure in prior financial years.
- In the current financial year, the Council has spent £6.7 million on the delivery of the project up to the end of July with a further £3.8m million forecast to be spent in August, bringing total expenditure in year on the project to £10.5 million. Should the project not be progressed, any expenditure in year would require to be accounted for as Revenue pressure rather than Capital expenditure as there is no resultant Capital asset. As this expenditure has not been budgeted for, it would add to the Council's existing structural deficit.
- The Council would forfeit the £40 million of Transport Scotland funding for the CTLR and be required to pay back the £5 million received to date as the conditions of the grant funding will not have been met.
- In addition, the cost of reinstating the site would require to be met together with any resultant costs from the early termination of contracts or through any successful claims against the Council.

5.2.7 The Perth City Hall project is on track to open in early 2024 and the majority of the works are contained within the budget. However, unanticipated additional works surrounding archaeology and repairs to the building fabric mean that the contingency provision is now fully committed. It is anticipated that further expenditure will be required on internal repairs and some aspects of the exhibition fit-out. It is proposed that a further £700,000 is allocated in 2023/24 to replenish the contingency fund, with Culture Perth and Kinross committing to fundraise a further £300,000 to support the project's exhibition and display requirements.

5.2.8 In respect of these two key committed projects, based on the latest assessment under the approved funding Strategy which was approved in February 2022, there is approximately £70 million of forecast uncommitted capacity available to support the delivery of the approved Capital Budget. The Committee is therefore requested to approve the application of £33,200,000 of that uncommitted capacity to support the delivery of these projects as reflected in Appendix II to the report.

5.2.9 Subject to the approval of these adjustments, the remaining forecast capacity available to absorb the anticipated construction inflation and increasing costs in relation to other approved projects and programmes or indeed, for any for new investment will be approximately £37 million.

5.2.10 Given the challenging financial position, officers will continue to monitor and review the capital programme in line with the Financial Strategy and Investment Blueprint.

In addition;

5.2.11 Within Traffic & Road Safety, further funding has been allocated to Cycling Walking and Safer Streets (CWSS) by the Scottish Government and TACTRAN of £308,000 and £75,000 respectively. Resources have been prioritised towards these grant funded schemes and this has impacted upon the staff resources available for other projects within this programme with proposed adjustments as follows:

- Road Safety Initiatives – £298,000 from the current year with £237,000 rephased to next year and £61,000 in 2024/25;
- Pedestrian Crossings - £175,000 from the current year to 2025/26; and
- Schools Road Safety Measures - £106,000 from the current year to next year.

5.2.12 Also, within Traffic & Road Safety it is proposed to rephase £177,000 for Car Parking Investment from the current year to next year due to unexpected delays surrounding drainage issues and to minimise disruption to parking over the festive period. In addition, Car Parking Investment at Pitlochry is currently being reviewed whilst a suitable site is identified and so it is proposed that the budget of £150,000 is moved to next year.

5.2.13 Within Asset Management – Roads & Lighting, it is proposed to increase the budget for Structural Maintenance by a net £1,358,000. This follows allocation of third-party funding totalling £945,000, combined with a proposed acceleration of £433,000 from 2023/24 to the current year. These budget adjustments in the current year are offset by a proposed transfer of £20,000 from the Welton Road Retaining Wall underspend within Structural Maintenance to the Bridge Refurbishment Programme. Also, within Roads & Lighting, due to staff resources being focused on grant funded projects, it is proposed that £100,000 for Investment in Local Footpaths is moved to 2024/25 from the current year.

5.2.14 Within Asset Management – Bridges, works within the Bridge Refurbishment Programme are currently at the planning stage and as such, anticipated spend in the current year is less than previously budgeted. It is therefore proposed that £1,080,000 is rephased with £125,000 next year and £955,000 in 2024/25. In addition, there is expected to be an £80,000 underspend on Glendevon Bridge and it is proposed that this is combined with the underspend of £20,000 from section 5.3.4 above, and that the £100,000 total is allocated to the Bridge Refurbishment Programme in 2026/27. Due to current engineering staff resource constraints, reduced works on Perth Queens Bridge and Culteuchar Culvert are expected to take place in the current year and therefore it is proposed that their budgets of £70,000 and £278,000 respectively, be moved from the current year to next year.

5.2.15 Within the Perth & Kinross Place-making programme it is proposed that the budgets for Perth City Centre Golden Route, Green Network Routes, Tay Street, Mill Street and South Street be consolidated into one budget heading for Perth, Place, People where funding can be drawn down towards various projects as they commence.

- 5.2.16 Within Other Planning Projects, following a reduction of £120,000 funding from the Department of Digital, Culture, Media & Sport, the budget for Local Full Fibre Network has been adjusted accordingly. The Council has been allocated £176,000 in 2022/23 from the Nature Restoration Fund by the Scottish Government, and this has been included in the budget.
- 5.2.17 The community in Auchterarder have raised £140,000 towards Auchterarder Public Park, and the budget for the works has been increased to reflect the additional funding towards this project. Within the Commercial Property Investment Programme, it is proposed that the budget of £1,398,000 for the Eco-Hub Manufacturing Facility is removed from the current programme of works, and that industrial units be created with a budget of £1,655,000 over this year and next year. These units are part funded by a £115,000 third party contribution. These proposed adjustments, together with a £3,000 adjustment carried forward from last year, result in a net increase in expenditure of £145,000.
- 5.2.18 Within the Prudential Borrowing programme the Street Lighting Renewal for the current year has been reviewed. As a result of additional works completed last year it is proposed that the budget for the programme in relation to column replacements is rephased over the remaining years of the project. In addition, following the disposal of skips and containers as part of the replacement programme, it is proposed to increase the budget for new skips by the £4,000 net proceeds received to date.
- 5.2.19 All the above proposed adjustments have been reflected in Appendices I & II.

5.3 Education and Children's Services

- 5.3.1 The Executive Director (Education & Children's Services) has reviewed the programme for their Service and proposes the following budget adjustments.
- 5.3.2 Works on the new Riverside Primary School are progressing well and it is proposed to accelerate £3,008,000 from next year into the current year to reflect the level of work due for completion this year.
- 5.3.3 The following adjustments reflect the movement in the overall programme following the effects of Covid-19 on the timescales across the projects.
- 5.3.4 There have been several small adjustments to various Education & Children's Services projects relating to amounts carried forward from 2021/22 which are included in Appendix II. These mostly relate to projects that have been completed.
- 5.3.5 Within the Investment in the Learning Estate, it is proposed to move £2,000,000 from the current year, and £5,000,000 from next year, with £4,000,000 being allocated to 2024/25 and £1,000,000 into each of the subsequent three years of the programme. Further details for the use of this funding will be provided following a review of the programme.
- 5.3.6 In line with a proposed opening date of August 2026, the budget for a new primary school at Bertha Park requires rephasing. It is proposed to transfer

£7,500,000 from both 2023/24 and 2024/25 into 2025/26; and to reduce the current year by £400,000 with a corresponding increase in 2026/27.

- 5.3.7 Within the budget for Technology Upgrades, planned works indicate that £400,000 of the budget will not be utilised in the current year and it is proposed that this budget be moved to 2023/24.
- 5.3.8 The expected payment profile for the extension of Harris Academy has also been updated, and it is proposed that £1,100,000 of the budget is moved from 2022/23 to 2023/24. In addition, works are continuing on-site upgrading facilities at Perth Grammar and Perth Academy. Following an update to the actual value of the current phases, it is proposed that both budgets be rephased as follows:
- A reduction at Perth Academy of £1,300,000 in the current year and £3,000,000 next year with a budget of £2,150,000 being allocated to both 2025/26 and 2026/27;
 - A reduction at Perth Grammar of £2,000,000 in the current year and £815,000 next year, with £811,000 allocated to 2024/25, £1,500,000 to 2025/26 and the remainder of £504,000 to 2026/27.
- 5.3.9 All of the above proposed adjustments have been reflected in Appendices I & II.

5.4 Corporate & Democratic Services

- 5.4.1 The Chief Operating Officer has reviewed the programme for their Service and proposes the budget adjustments described below.

Property Services

- 5.4.2 Within Capital Improvement Projects it is proposed that £600,000 is accelerated from 2027/28 to the current year to fund energy efficiency measures.

Information Systems & Technology

- 5.4.3 The works within Data & Analytics for the year have been assessed and it is proposed to rephase £135,000 from the current year to next year in line with planned activity.
- 5.4.4 Within Information Systems and Technology there are separate budgets for Supporting Digital, Online/Mobile Working and Customer Service Blueprint. As there are strong links and crossovers between these areas of IT work it is proposed that the budgets for these areas are consolidated into one budget under the overarching Supporting Digital programme. This will enable a streamlined approach to prioritising works and for testing and deploying digital improvements. In addition, it is proposed that within the Supporting Digital programme £477,000 is moved from the current year to next year to reflect the level of anticipated spend.

- 5.4.5 The roll out of School Audio Visual Equipment Replacement is progressing well and it is proposed that the budget is accelerated in the current year with an increase of £848,000 to be funded from future year budgets within the programme.
- 5.4.6 Following the appointment of the preferred supplier for the Swift Social Work System Replacement last year, it is proposed to adjust the budget in line with the terms of the agreed contract. In particular, the licence costs are due in 2023/24 when the system goes live, with only staff costs for the ongoing development and implementation being incurred in the current year. It is also proposed to move the unallocated budget of £292,000 to 2024/25 to allow for further development works to be undertaken post-implementation. The proposed budget adjustments have been included in Appendix II.
- 5.4.7 All the above proposed adjustments, together with other small movements, have been reflected in Appendix II.

5.5 Health & Social Care

- 5.5.1 The Developing Supported Tenancies project is a contribution towards works within the Housing Revenue Account. It has been confirmed that the budget of £229,000 will not be drawn down in the current year and it is proposed that the budget is moved to next year with options continue to be evaluated.
- 5.5.2 The above proposed adjustment has been reflected in Appendix II.

6. HOUSING INVESTMENT PROGRAMME

Final Outturn 2021-22

- 6.1 The final position for 2021/22 on the Housing Investment Programme (subject to audit) was as follows:

| | 2021/22 Budget | Actual to 31 March 2022 | Variance to Budget |
|-----------------------|-------------------|----------------------------|-----------------------|
| | £'000 | £'000 | £000 |
| Total Net Expenditure | 12,018 | 11,856 | (162) |
| Total Receipts & CFCR | (2,259) | (2,328) | (69) |
| Borrowing Requirement | 9,759 | 9,528 | (231) |

- 6.2 In order to determine the carry-forward adjustments required for each project in 2022/23, the 2021/22 actual outturns have been compared to the previous projections. The difference between the actuals and previous projections are then adjusted against the 2022/23 budgets, which are shown in Appendix IV. These adjustments are neutral over the 2 years and has resulted in a movement of £231,000 of borrowing from 2021/22 to 2022/23.

Current Programme: 2022/23 to 2026/27

- 6.3 The current estimated expenditure, net of contributions, for the Housing Investment Programme over the 5 years 2022/23 to 2026/27 amounts to

£84,018,000. Movements from the previous estimates approved by the Strategic Policy & Resources Committee on 20 April 2022 are summarised in the table below and detailed in Appendix IV. The overall increase of **£162,000** represents the amount of expenditure carried forward from last year.

| | Approved 20 April 2021 | Current Estimate | Movement |
|----------------|-----------------------------------|-----------------------------|-----------------|
| | £'000 | £'000 | £'000 |
| 2022/23 | 17,963 | 18,131 | 168 |
| 2023/24 | 15,983 | 17,022 | 1,039 |
| 2024/25 | 13,871 | 13,867 | (4) |
| 2025/26 | 19,995 | 18,954 | (1,041) |
| 2026/27 | 16,044 | 16,044 | 0 |
| Total | 83,856 | 84,018 | 162 |

6.4 Total Expenditure to 31 July 2022 (Housing Investment Programme)

Net expenditure for 2022/23 to 31 July 2022 amounts to £3,186,000 and receipts amount to £4,000. This therefore means that the borrowing requirement for the year to date is £3,182,000.

- 6.5 After making adjustments relating to small carry-forward amounts from last year, the Executive Director (Communities) has reviewed the Housing Investment Programme and proposes the budget adjustments outlined below and which are included in Appendix IV.
- 6.6 It is proposed to transfer a net total of £1,746,000 from the New Build Future Development budget in 2022/23 for the scheme at Lynedoch Road, Methven in 2022/23 (£707,000) and 2023/24 (£1,039,000). These amounts are after applying £480,000 from the Council Tax Reserve and £1,643,000 of Scottish Government Grant. It is also proposed to transfer a further £90,000 from the Glebe, Scone budget which is now effectively completed.
- 6.7 The New Build scheme at Newburgh Road, Abernethy is also nearing completion. It is proposed to adjust the expenditure budget by £1,200,000 in 2022/23 in relation to the share equity properties, of which £492,000 is being funded from Scottish Government grant and £708,000 from sales to the shared equity owners.
- 6.8 In order to support the Council House Buy-Back programme, Scottish Government Grant of £1,050,000 has been sought in 2022/23, based on £35,000 per property (30 properties). It is, therefore, proposed to increase the expenditure budget in 2022/23 by this amount.
- 6.9 With various work programmes ongoing, it is also proposed to allocate funding from the Scottish Housing Quality Standard Future Developments budget in 2025/26 to various schemes in the current year, and these are summarised as follows:-
- Central Heating & Rewiring - £938,000, with a reduction of £98,000 in Third party Contributions from last year.
 - Triple Glazing - £60,000.

- Fire Precaution Measures - £250,000.
- 111 Rannoch Road, Perth (Conversion) - £211,000.

6.10 With no works currently planned within the Structural Programme, it is proposed to move £418,000 from 2022/23 to 2025/26, in order to maintain a rolling programme of works in future years.

6.11 The estimate for Capital Financed by Current Revenue (CFCR) in 2022/23 has reduced by £156,000 to £2,458,000, which is offset by an adjustment of £73,000 relating to Receipts. These result in an overall increase in borrowing of £83,000 in the current year. After including the reduction in borrowing brought forward from last year of £231,000, the overall increase in the Borrowing Requirement for the current 5 years to 2026/27 is £320,000.

7. BUDGET OVERVIEW

7.1 The projected net expenditure outturn in 2022/23 for the Composite Capital Budget is **£150,335,000** and represents **109%** of the 2022/23 budget as approved on 20 April 2022 (£138,276,000). The revised budget is based on the latest projection of expenditure and all budget adjustments outlined within this report.

7.2 Net expenditure to 31 July 2022 on the Composite Capital Budget is **£20,846,000** and represents **14%** of the proposed revised budget for 2022/23 of **£150,335,000**.

7.3 The projected net expenditure outturn in 2022/23 for the Housing Investment Programme is **£18,131,000** and represents **101%** of the 2022/23 budget approved on 20 April 2022 (£17,963,000).

7.4 Net expenditure to 31 July 2021 on the Housing Investment Programme is **£3,186,000** which represents **18%** of the proposed revised budget for 2022/23 of £18,131,000.

7.5 While the projections have been based on a comprehensive monitoring exercise, they continue to remain subject to uncertainty as a result of ongoing inflationary pressures, particularly in the construction industry, in the current economic environment.

Author(s)

| Name | Designation | Contact Details |
|---------------|-------------------|--|
| John Jennings | Senior Accountant | CHXFinance@pkc.gov.uk |

Approved

| Name | Designation | Date |
|-------------------|-------------------------|----------------|
| Karen Donaldson | Chief Operating Officer | 24 August 2022 |
| Stewart MacKenzie | Head of Finance | 24 August 2022 |

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

| Strategic Implications | Yes / None |
|---|-------------------|
| Community Plan / Single Outcome Agreement | None |
| Corporate Plan | Yes |
| Resource Implications | |
| Financial | Yes |
| Workforce | Yes |
| Asset Management (land, property, IST) | Yes |
| Assessments | |
| Equality Impact Assessment | Yes |
| Strategic Environmental Assessment | Yes |
| Sustainability (community, economic, environmental) | Yes |
| Legal and Governance | None |
| Risk | None |
| Consultation | |
| Internal | Yes |
| External | None |
| Communication | |
| 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 2022/23 to 2027/28
- Appendix II – Composite Capital Programme - Summary of Capital Resources and Expenditure 2022/23 to 2027/28
- Appendix III – Cross Tay Link Road – Revised Cost Analysis Report July 2022
- Appendix IV – HRA Capital Investment Programme – Summary of Capital Resources and Expenditure 2022/23 to 2026/27

PERTH AND KINROSS COUNCIL
COMPOSITE CAPITAL PROGRAMME
Estimated Capital Resources 2022/23 to 2027/28

| | Capital Resources 2022/23 (£'000) Revised Budget | Capital Resources 2023/24 (£'000) Revised Budget | Capital Resources 2024/25 (£'000) Revised Budget | Capital Resources 2025/26 (£'000) Revised Budget | Capital Resources 2026/27 (£'000) Revised Budget | Capital Resources 2027/28 (£'000) Revised Budget | Capital Resources TOTAL (£'000) Revised Budget |
|--|---|---|---|---|---|---|---|
| Capital Grants | | | | | | | |
| Cycling, Walking & Safer Streets (CWSS) | 973 | 200 | 200 | 200 | 200 | 200 | 1,973 |
| Town Centre Fund | 26 | 0 | 0 | 0 | 0 | 0 | 26 |
| Regeneration Fund | 524 | 0 | 0 | 0 | 0 | 0 | 524 |
| Cross Tay Link Road - Transport Scotland | 20,000 | 15,000 | 0 | 0 | 0 | 0 | 35,000 |
| General Capital Grant | 10,472 | 12,837 | 15,934 | 12,279 | 12,265 | 12,265 | 76,052 |
| Total Capital Grants | 31,995 | 28,037 | 16,134 | 12,479 | 12,465 | 12,465 | 113,575 |
| General Capital Receipts | | | | | | | |
| General Fund - Capital Receipts | 730 | 250 | 250 | 250 | 250 | 250 | 1,980 |
| General Fund - Housing Receipts | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| General Fund - Ring Fenced Receipts | 472 | 300 | 300 | 300 | 850 | 850 | 3,072 |
| Total General Capital Receipts | 1,202 | 550 | 550 | 550 | 1,100 | 1,100 | 5,052 |
| Commercial Property Receipts | | | | | | | |
| Capital Receipts brought-forward | 2,556 | 2,777 | 1,976 | 2,093 | 2,401 | 2,401 | 2,556 |
| Commercial Property Capital Receipts | 846 | 344 | 117 | 308 | 0 | 0 | 1,615 |
| Capital Receipts carried-forward | (2,777) | (1,976) | (2,093) | (2,401) | (2,401) | (2,401) | (2,401) |
| Total Commercial Property Receipts Applied | 625 | 1,145 | 0 | 0 | 0 | 0 | 1,770 |
| Contributions | | | | | | | |
| Tay Cities Deal | 813 | 0 | 990 | 1,899 | 550 | 505 | 4,757 |
| Third Party Contributions | 2,531 | 0 | 0 | 2,500 | 1,000 | 1,000 | 7,031 |
| Developer Contributions | 1,549 | 2,100 | 2,300 | 2,367 | 2,600 | 2,600 | 13,516 |
| Revenue Budget Contributions | 814 | 0 | 0 | 0 | 0 | 0 | 814 |
| Total Contributions | 5,707 | 2,100 | 3,290 | 6,766 | 4,150 | 4,105 | 26,118 |
| Capital Borrowing Requirement | 136,959 | 144,490 | 128,053 | 61,694 | 38,924 | 26,467 | 536,587 |
| TOTAL CAPITAL RESOURCES/ GROSS BUDGET EXPENDITURE | 176,488 | 176,322 | 148,027 | 81,489 | 56,639 | 44,137 | 683,102 |

PERTH AND KINROSS COUNCIL
COMPOSITE CAPITAL PROGRAMME
Estimated Capital Resources 2022/23 to 2027/28

APPENDIX I

Movements in Resources from Approved Budget - 20 April 2022

| | Revised Budget 2022/23 £'000 | Revised Budget 2023/24 £'000 | Revised Budget 2024/25 £'000 | Revised Budget 2025/26 £'000 | Revised Budget 2026/27 £'000 | Revised Budget 2027/28 £'000 | Revised Budget TOTAL £'000 |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|
| Increase/(Decrease) in: | | | | | | | |
| Capital Receipts - General Fund | (11) | 0 | 0 | 0 | 0 | 0 | (11) |
| Capital Receipts - Commercial Property | 94 | 0 | 0 | 0 | 0 | 0 | 94 |
| Capital Receipts - Housing Receipts | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Receipts - Ring Fenced | 24 | 0 | 0 | 0 | 0 | 0 | 24 |
| Capital Grants: | | | | | | | |
| Cycling, Walking & Safer Streets (CWSS) | 308 | 0 | 0 | 0 | 0 | 0 | 308 |
| Road Safety Improvement Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Regeneration Fund | 292 | 0 | 0 | 0 | 0 | 0 | 292 |
| Town Centre Fund | 26 | 0 | 0 | 0 | 0 | 0 | 26 |
| Cross Tay Link Road - Transport Scotland | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| General Capital Grant | 176 | 0 | 0 | 0 | 0 | 0 | 176 |
| Tay Cities Deal | 208 | 0 | 0 | 0 | 0 | 0 | 208 |
| Third Party Contributions | 1,117 | 0 | 0 | 0 | 0 | 0 | 1,117 |
| Revenue Contributions | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Developer Contributions | 29 | 0 | 0 | 0 | 0 | 0 | 29 |
| Resources b/f | 68 | (388) | (145) | (145) | (145) | (145) | (900) |
| Resources c/f to future years | 388 | 145 | 145 | 145 | 145 | 145 | 1,113 |
| Borrowing Requirement | 11,315 | (10,612) | 10,073 | 19,720 | 3,809 | 279 | 34,584 |
| Total Increase/(Decrease) in Resources | 14,036 | (10,855) | 10,073 | 19,720 | 3,809 | 279 | 37,062 |
| Approved Resources 20 April 2022 | 162,452 | 187,177 | 137,954 | 61,769 | 52,830 | 43,858 | 646,040 |
| Revised Resources | 176,488 | 176,322 | 148,027 | 81,489 | 56,639 | 44,137 | 683,102 |

PERTH AND KINROSS COUNCIL
COMPOSITE CAPITAL PROGRAMME
SUMMARY OF CAPITAL RESOURCES AND EXPENDITURE 2022/23 to 2027/28

| | Approved Budget 02-Feb-22 | Proposed Carry forward | Proposed Budget Adjustment Report 1 2022/23 (£'000) | Revised Budget Report 1 2022/23 (£'000) | Actuals to 31-Jul-22 | Projected Outturn 2022/23 (£'000) | Approved Budget 02-Feb-22 | Proposed Budget Adjustment Report 1 2023/24 (£'000) | Revised Budget Report 1 2023/24 (£'000) | Approved Budget 02-Feb-22 | Proposed Budget Adjustment Report 1 2024/25 (£'000) | Revised Budget Report 1 2024/25 (£'000) |
|--|---------------------------------|---------------------------|--|---|----------------------------|--|---------------------------------|--|---|---------------------------------|--|---|
| | 2022/23 (£'000) | 2022/23 (£'000) | 2022/23 (£'000) | 2022/23 (£'000) | 2022/23 (£'000) | 2022/23 (£'000) | 2023/24 (£'000) | 2023/24 (£'000) | 2023/24 (£'000) | 2024/25 (£'000) | 2024/25 (£'000) | 2024/25 (£'000) |
| EDUCATION AND CHILDREN'S SERVICES | 58,923 | (327) | (4,192) | 54,404 | 4,016 | 54,404 | 58,641 | (17,823) | 40,818 | 51,979 | (2,689) | 49,290 |
| COMMUNITIES | 66,974 | 1,404 | 14,754 | 83,132 | 15,047 | 83,132 | 102,621 | 5,749 | 108,370 | 74,631 | 12,694 | 87,325 |
| HEALTH AND SOCIAL CARE | 1,561 | 0 | (229) | 1,332 | 43 | 1,332 | 1,303 | 229 | 1,532 | 1,303 | 0 | 1,303 |
| CORPORATE AND DEMOCRATIC SERVICES | 10,818 | 487 | 162 | 11,467 | 1,740 | 11,467 | 9,112 | 990 | 10,102 | 8,551 | 68 | 8,619 |
| TOTAL NET EXPENDITURE | 138,276 | 1,564 | 10,495 | 150,335 | 20,846 | 150,335 | 171,677 | (10,855) | 160,822 | 136,464 | 10,073 | 146,537 |
| (NET OF GRANTS, REVENUE AND 3RD PARTY CONTRIBUTIONS, AND RING FENCED RECEIPTS) | | | | | | | | | | | | |
| GENERAL CAPITAL GRANT | (10,296) | 0 | (176) | (10,472) | (4,181) | (10,472) | (12,837) | 0 | (12,837) | (15,934) | 0 | (15,934) |
| DEVELOPER CONTRIBUTIONS | (1,520) | (29) | 0 | (1,549) | 0 | (1,549) | (2,100) | 0 | (2,100) | (2,300) | 0 | (2,300) |
| CAPITAL RECEIPTS | (1,493) | (83) | 0 | (1,576) | (4) | (1,576) | (594) | 0 | (594) | (367) | 0 | (367) |
| ANNUAL BORROWING REQUIREMENT | 124,967 | 1,452 | 10,319 | 136,738 | 16,661 | 136,738 | 156,146 | (10,855) | 145,291 | 117,863 | 10,073 | 127,936 |
| CAPITAL RECEIPTS BROUGHT FORWARD | (2,488) | 0 | (68) | (2,556) | (2,556) | (2,556) | (3,165) | 388 | (2,777) | (2,121) | 145 | (1,976) |
| CAPITAL RECEIPTS CARRIED FORWARD | 3,165 | (68) | (320) | 2,777 | 2,493 | 2,777 | 2,121 | (145) | 1,976 | 2,238 | (145) | 2,093 |
| TOTAL NET BORROWING REQUIREMENT | 125,644 | 1,384 | 9,931 | 136,959 | 16,598 | 136,959 | 155,102 | (10,612) | 144,490 | 117,980 | 10,073 | 128,053 |

PERTH AND KINROSS COUNCIL
COMPOSITE CAPITAL PROGRAMME
SUMMARY OF CAPITAL RESOURCES AND EXPENDITURE 2022/23 to 2027/28

APPENDIX II

| | Approved Budget 02-Feb-22 2025/26 (£'000) | Proposed Budget Adjustment Report 1 2025/26 (£'000) | Revised Budget Report 1 2025/26 (£'000) | Approved Budget 02-Feb-22 2026/27 (£'000) | Proposed Budget Adjustment Report 1 2026/27 (£'000) | Revised Budget Report 1 2026/27 (£'000) | Approved Budget 02-Feb-22 2027/28 (£'000) | Proposed Budget Adjustment Report 1 2027/28 (£'000) | Revised Budget Report 1 2027/28 (£'000) |
|--|---|--|---|---|--|---|---|--|---|
| EDUCATION AND CHILDREN'S SERVICES | 8,950 | 19,650 | 28,600 | 5,650 | 4,054 | 9,704 | 5,823 | 1,000 | 6,823 |
| COMMUNITIES | 39,514 | 195 | 39,709 | 36,350 | 120 | 36,470 | 27,126 | 9 | 27,135 |
| HEALTH AND SOCIAL CARE | 1,303 | 0 | 1,303 | 1,303 | 0 | 1,303 | 1,319 | 0 | 1,319 |
| CORPORATE AND DEMOCRATIC SERVICES | 7,103 | (125) | 6,978 | 6,927 | (365) | 6,562 | 7,035 | (730) | 6,305 |
| TOTAL NET EXPENDITURE | 56,870 | 19,720 | 76,590 | 50,230 | 3,809 | 54,039 | 41,303 | 279 | 41,582 |
| (NET OF GRANTS, REVENUE AND 3RD PARTY CONTRIBUTIONS, AND RING FENCED RECEIPTS) | | | | | | | | | |
| GENERAL CAPITAL GRANT | (12,279) | 0 | (12,279) | (12,265) | 0 | (12,265) | (12,265) | 0 | (12,265) |
| DEVELOPER CONTRIBUTIONS | (2,367) | 0 | (2,367) | (2,600) | 0 | (2,600) | (2,600) | 0 | (2,600) |
| CAPITAL RECEIPTS | (558) | 0 | (558) | (250) | 0 | (250) | (250) | 0 | (250) |
| ANNUAL BORROWING REQUIREMENT | 41,666 | 19,720 | 61,386 | 35,115 | 3,809 | 38,924 | 26,188 | 279 | 26,467 |
| CAPITAL RECEIPTS BROUGHT FORWARD | (2,238) | 145 | (2,093) | (2,546) | 145 | (2,401) | (2,546) | 145 | (2,401) |
| CAPITAL RECEIPTS CARRIED FORWARD | 2,546 | (145) | 2,401 | 2,546 | (145) | 2,401 | 2,546 | (145) | 2,401 |
| TOTAL NET BORROWING REQUIREMENT | 41,974 | 19,720 | 61,694 | 35,115 | 3,809 | 38,924 | 26,188 | 279 | 26,467 |

PERTH AND KINROSS COUNCIL
COMPOSITE CAPITAL PROGRAMME
SUMMARY OF CAPITAL RESOURCES AND EXPENDITURE 2022/23 to 2027/28

APPENDIX II

| | Revised Budget |
|--|-------------------|
| | Report 1 |
| | (£'000) |
| EDUCATION AND CHILDREN'S SERVICES | 189,639 |
| COMMUNITIES | 382,141 |
| HEALTH AND SOCIAL CARE | 8,092 |
| CORPORATE AND DEMOCRATIC SERVICES | 50,033 |
| TOTAL NET EXPENDITURE | 629,905 |
| (NET OF GRANTS, REVENUE AND 3RD PARTY CONTRIBUTIONS, AND RING FENCED RECEIPTS) | |
| GENERAL CAPITAL GRANT | (76,052) |
| DEVELOPER CONTRIBUTIONS | (13,516) |
| CAPITAL RECEIPTS | (3,595) |
| ANNUAL BORROWING REQUIREMENT | 536,742 |
| CAPITAL RECEIPTS BROUGHT FORWARD | (2,556) |
| CAPITAL RECEIPTS CARRIED FORWARD | 2,401 |
| TOTAL NET BORROWING REQUIREMENT | 536,587 |

EDUCATION AND CHILDREN'S SERVICES

MIS - Procurement & Integration
Digital Inclusion
Blairgowrie Recreation Centre - Replacement

Schools Modernisation Programme

Investment in the Learning Estate
Methven Primary School Refurbishment
Kirkmichael Primary School Upgrades
 Capital Receipt (ring-fenced)
Early Learning & Childcare
 - Letham Primary School Upgrade Project
 - Oakbank Primary School Upgrade Project
 - Rattray Primary School Upgrade Project
North/West Perth - New Primary School
Riverside Primary New School

Technology Upgrades
Perth Academy - Refurbishment
Perth Grammar School - Upgrade Programme Phase 3
Perth High School - Internal Services & Refurbishment
Perth High School - New School Investment
Harris Academy/Invergowrie - Extension

TOTAL: EDUCATION AND CHILDREN'S SERVICES

COMMUNITIES

Traffic & Road Safety

Road Safety Initiatives (20mph Zones etc..)
Road Safety Initiatives
Additional Road Safety - Pedestrian Crossings
Schools Road Safety Measures
20mph Signage Programme - Schools
20mph Signage Programme
Cycling Walking & Safer Streets (CWSS)
 Scottish Government Grant - CWSS
 Third Party Contribution (TACTRAN)
Car Parking Investment
 Revenue Contribution
Car Parking Investment - Pitlochry
Strathmore Cycle Network
Sub-Total

Asset Management - Roads & Lighting

Structural Maintenance
 Third Party Contribution (Forestry Commission Timber Routes)
Traffic Signal Renewals - Upgrading
 Third Party Contributions
Footways
Investment in Local Footpaths
Road Safety Barriers
 Third Party Contribution
Pedestrian Gritters
Sub-Total

Asset Management - Bridges

Bridge Refurbishment Programme
Dalhenzean Culvert
Dunkeld Golf Course
Vehicular Bridge Parapets Programme - Assess & Upgrade
Old Perth Bridge - Strengthening
Perth Queens Bridge - Strengthening
Culteuchar Culvert
Glendevon Bridge
Tullyfergus Bridge
Sub-Total

| Approved Budget 20-Apr-22 2021/22 (£'000) | Actual Expenditure 2021/22 (£'000) | Proposed Carry Forward to 2022/23 (£'000) | Approved Budget 20-Apr-22 2022/23 (£'000) | Proposed Brought Forward from 2021/22 (£'000) | Proposed Budget Adjustment Report 1 2022/23 (£'000) | Proposed Budget 14-Sep-22 Report 1 2022/23 (£'000) | Actual to 31-Jul-22 2022/23 (£'000) | Projected Outturn 2022/23 (£'000) | Approved Budget 20-Apr-22 2023/24 (£'000) | Proposed Budget Adjustment Report 1 2023/24 (£'000) | Proposed Budget 14-Sep-22 Report 1 2023/24 (£'000) | Approved Budget 20-Apr-22 2024/25 (£'000) | Proposed Budget Adjustment Report 1 2024/25 (£'000) | Proposed Budget 14-Sep-22 Report 1 2024/25 (£'000) | Approved Budget 20-Apr-22 2025/26 (£'000) | Proposed Budget Adjustment Report 1 2025/26 (£'000) |
|--|---|--|--|--|---|--|--|--|--|---|--|--|---|--|--|---|
| 0 | 0 | 0 | 55 | 0 | | 55 | 57 | 55 | 49 | | 49 | 0 | | 0 | 0 | 0 |
| 216 | 216 | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | 0 |
| 1,100 | 1,232 | (132) | 10,000 | (132) | | 9,868 | 1 | 9,868 | 8,435 | | 8,435 | 6,600 | | 6,600 | 0 | |
| 500 | 705 | (205) | 3,000 | (205) | (2,000) | 795 | 191 | 795 | 10,084 | (5,000) | 5,084 | 6,413 | 4,000 | 10,413 | 5,650 | 1,000 |
| 150 | 189 | (39) | 350 | (39) | | 311 | 3 | 311 | 0 | | 0 | 250 | | 250 | 0 | |
| 0 | 2 | (2) | 100 | (2) | | 98 | | 98 | 0 | | 0 | 0 | | 0 | 0 | |
| 0 | 0 | 0 | (100) | 0 | | (100) | | (100) | 0 | | 0 | 0 | | 0 | 0 | |
| 40 | 59 | (19) | 657 | (19) | | 638 | 11 | 638 | 0 | | 0 | 0 | | 0 | 0 | |
| 432 | 413 | 19 | 0 | 19 | | 19 | | 19 | 0 | | 0 | 0 | | 0 | 0 | |
| 8 | 8 | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | |
| 2,200 | 2,105 | 95 | 1,250 | 95 | | 1,345 | 608 | 1,345 | 470 | | 470 | 0 | | 0 | 0 | |
| 0 | 0 | 0 | 500 | 0 | (400) | 100 | | 100 | 8,500 | (7,500) | 1,000 | 15,000 | (7,500) | 7,500 | 0 | 15,000 |
| 4,600 | 4,590 | 10 | 9,000 | 10 | 3,008 | 12,018 | 2,406 | 12,018 | 5,643 | (3,008) | 2,635 | 0 | | 0 | 0 | |
| 53 | 88 | (35) | 580 | (35) | (400) | 145 | 15 | 145 | 300 | 400 | 700 | 586 | | 586 | 0 | |
| 1,006 | 1,075 | (69) | 2,387 | (69) | (1,300) | 1,018 | 108 | 1,018 | 5,162 | (3,000) | 2,162 | 2,500 | | 2,500 | 0 | 2,150 |
| 578 | 594 | (16) | 2,577 | (16) | (2,000) | 561 | 7 | 561 | 2,315 | (815) | 1,500 | 689 | 811 | 1,500 | 0 | 1,500 |
| 0 | 0 | 0 | 21 | 0 | | 21 | | 21 | 0 | | 0 | 0 | | 0 | 0 | |
| 1,500 | 1,434 | 66 | 26,346 | 66 | | 26,412 | 609 | 26,412 | 15,683 | | 15,683 | 19,941 | | 19,941 | 3,300 | |
| 0 | 0 | 0 | 2,200 | 0 | (1,100) | 1,100 | | 1,100 | 2,000 | 1,100 | 3,100 | 0 | | 0 | 0 | |
| 12,383 | 12,710 | (327) | 58,923 | (327) | (4,192) | 54,404 | 4,016 | 54,404 | 58,641 | (17,823) | 40,818 | 51,979 | (2,689) | 49,290 | 8,950 | 19,650 |
| 86 | 59 | 27 | 271 | 27 | (298) | 0 | | 0 | 275 | 237 | 512 | 274 | 61 | 335 | 200 | |
| 51 | 51 | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | |
| 0 | 0 | 0 | 175 | 0 | (175) | 0 | | 0 | 175 | | 175 | 175 | | 175 | 0 | 175 |
| 20 | 15 | 5 | 541 | 5 | (106) | 440 | 24 | 440 | 0 | 106 | 106 | 0 | | 0 | 0 | |
| 0 | 0 | 0 | 200 | 0 | (89) | 111 | 13 | 111 | 0 | 89 | 89 | 0 | | 0 | 0 | |
| 38 | 41 | (3) | 79 | (3) | | 76 | | 76 | 0 | | 0 | 0 | | 0 | 0 | |
| 839 | 839 | 0 | 665 | 0 | 383 | 1,048 | 195 | 1,048 | 200 | | 200 | 200 | | 200 | 200 | |
| (776) | (776) | 0 | (665) | 0 | (308) | (973) | | (973) | (200) | | (200) | (200) | | (200) | (200) | |
| (63) | (63) | 0 | 0 | 0 | (75) | (75) | | (75) | 0 | | 0 | 0 | | 0 | 0 | |
| 97 | 36 | 61 | 261 | 61 | (177) | 145 | 8 | 145 | 0 | 177 | 177 | 0 | | 0 | 0 | |
| (10) | (10) | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | |
| 0 | 0 | 0 | 150 | 0 | (150) | 0 | | 0 | 0 | 150 | 150 | 0 | | 0 | 0 | |
| 0 | 0 | 0 | 84 | 0 | (84) | 0 | | 0 | 0 | 84 | 84 | 0 | | 0 | 0 | |
| 282 | 192 | 90 | 1,761 | 90 | (1,079) | 772 | 240 | 772 | 450 | 843 | 1,293 | 449 | 61 | 510 | 200 | 175 |
| 14,675 | 15,673 | (998) | 13,039 | (998) | 1,358 | 13,399 | 3,721 | 13,399 | 9,973 | (432) | 9,541 | 9,593 | | 9,593 | 9,593 | |
| (1) | (1) | 0 | 0 | 0 | (945) | (945) | (172) | (945) | 0 | | 0 | 0 | | 0 | 0 | |
| 191 | 166 | 25 | 174 | 25 | | 199 | | 199 | 0 | | 0 | 0 | | 0 | 0 | |
| (60) | (57) | (3) | 0 | (3) | | (3) | | (3) | 0 | | 0 | 0 | | 0 | 0 | |
| 404 | 375 | 29 | 495 | 29 | | 524 | 111 | 524 | 435 | | 435 | 435 | | 435 | 435 | |
| 0 | 0 | 0 | 100 | 0 | (100) | 0 | | 0 | 100 | | 100 | 0 | 100 | 100 | 0 | |
| 54 | 3 | 51 | 0 | 51 | (41) | 10 | 1 | 10 | 0 | 23 | 23 | 0 | | 0 | 0 | |
| (18) | 0 | (18) | 0 | (18) | 18 | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | |
| 7 | 7 | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | |
| 15,252 | 16,166 | (914) | 13,808 | (914) | 290 | 13,184 | 3,661 | 13,184 | 10,508 | (409) | 10,099 | 10,028 | 100 | 10,128 | 10,028 | 0 |
| 390 | 379 | 11 | 2,198 | 11 | (1,080) | 1,129 | 5 | 1,129 | 2,091 | 125 | 2,216 | 1,091 | 955 | 2,046 | 1,091 | |
| 0 | 0 | 0 | 0 | 0 | | 0 | | 0 | 287 | | 287 | 0 | | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 226 | | 226 | 0 | |
| 0 | 0 | 0 | 29 | 0 | | 29 | | 29 | 0 | | 0 | 0 | | 0 | 0 | |
| 0 | 0 | 0 | 10 | 0 | | 10 | | 10 | 180 | | 180 | 10 | | 10 | 2,369 | |
| 7 | 7 | 0 | 70 | 0 | (70) | 0 | | 0 | 315 | 70 | 385 | 10 | | 10 | 70 | |
| 10 | 11 | (1) | 400 | (1) | (278) | 121 | | 121 | 0 | 278 | 278 | 0 | | 0 | 0 | |
| 133 | 161 | (28) | 383 | (28) | (80) | 275 | 166 | 275 | 0 | | 0 | 0 | | 0 | 0 | |
| 12 | 1 | 11 | 0 | 11 | (11) | 0 | | 0 | 123 | 11 | 134 | 0 | | 0 | 0 | |
| 552 | 559 | (7) | 3,090 | (7) | (1,519) | 1,564 | 171 | 1,564 | 2,996 | 484 | 3,480 | 1,337 | 955 | 2,292 | 3,530 | 0 |

| | Approved Budget 20-Apr-22 2021/22 (£'000) | Actual Expenditure 2021/22 (£'000) | Proposed Carry Forward to 2022/23 (£'000) | Approved Budget 20-Apr-22 2022/23 (£'000) | Proposed Brought Forward from 2021/22 (£'000) | Proposed Budget Adjustment Report 1 2022/23 (£'000) | Proposed Budget 14-Sep-22 Report 1 2022/23 (£'000) | Actual to 31-Jul-22 2022/23 (£'000) | Projected Outturn 2022/23 (£'000) | Approved Budget 20-Apr-22 2023/24 (£'000) | Proposed Budget Adjustment Report 1 2023/24 (£'000) | Proposed Budget 14-Sep-22 Report 1 2023/24 (£'000) | Approved Budget 20-Apr-22 2024/25 (£'000) | Proposed Budget Adjustment Report 1 2024/25 (£'000) | Proposed Budget 14-Sep-22 Report 1 2024/25 (£'000) | Approved Budget 20-Apr-22 2025/26 (£'000) | Proposed Budget Adjustment Report 1 2025/26 (£'000) |
|---|---|---|--|---|--|--|---|---|--|---|--|---|---|--|---|---|--|
| Improvement Schemes | | | | | | | | | | | | | | | | | |
| A9/A85 Road Junction Improvements | 420 | 61 | 359 | 0 | 359 | | 359 | 1 | 359 | 0 | | 0 | 0 | | 0 | | 0 |
| Cross Tay Link Road (CTLR) | 11,432 | 10,751 | 681 | 34,524 | 681 | 16,597 | 51,802 | 6,690 | 51,802 | 53,198 | 4,345 | 57,543 | 12,800 | 11,558 | 24,358 | | 0 |
| Scottish Government Grant | (5,000) | (5,000) | 0 | (20,000) | 0 | | (20,000) | | (20,000) | (15,000) | | (15,000) | 0 | | 0 | | 0 |
| A977 Upgrades | 27 | 23 | 4 | 186 | 4 | | 190 | | 190 | 0 | | 0 | 0 | | 0 | | 0 |
| Brioch Road, Crieff - Road Realignment & Safety Measures | 0 | 0 | 0 | 31 | 0 | | 31 | | 31 | 0 | | 0 | 0 | | 0 | | 0 |
| Third Party Contribution (Developers) | (65) | (65) | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | | 0 |
| Sub-Total | 6,814 | 5,770 | 1,044 | 14,741 | 1,044 | 16,597 | 32,382 | 6,691 | 32,382 | 38,198 | 4,345 | 42,543 | 12,800 | 11,558 | 24,358 | 0 | 0 |
| Rural Flood Protection Schemes | | | | | | | | | | | | | | | | | |
| Almondbank Flood Protection Scheme | 70 | 61 | 9 | 34 | 9 | | 43 | 11 | 43 | 0 | | 0 | 0 | | 0 | | 0 |
| Revenue Contribution | (22) | (22) | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | | 0 |
| Perth Flood Protection Scheme (Pump Replacement) | 216 | 200 | 16 | 145 | 16 | | 161 | | 161 | 0 | | 0 | 0 | | 0 | | 0 |
| Comrie Flood Protection Scheme | 378 | 338 | 40 | 3,651 | 40 | | 3,691 | 621 | 3,691 | 9,919 | | 9,919 | 12,473 | | 12,473 | | 0 |
| Milnathort Flood Protection Scheme | 135 | 112 | 23 | 97 | 23 | | 120 | | 120 | 1,093 | | 1,093 | 541 | | 541 | | 0 |
| South Kinross Flood Protection Scheme | 210 | 139 | 71 | 171 | 71 | | 242 | | 242 | 156 | | 156 | 2,562 | | 2,562 | | 350 |
| Scone Flood Protection Scheme | 0 | 0 | 0 | 81 | 0 | | 81 | | 81 | 227 | | 227 | 416 | | 416 | | 48 |
| Coastal Change Adaptation | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 | 100 | | 100 | 0 | | 0 | | 0 |
| Sub-Total | 987 | 828 | 159 | 4,179 | 159 | 0 | 4,338 | 632 | 4,338 | 11,495 | 0 | 11,495 | 15,992 | 0 | 15,992 | 398 | 0 |
| Rural Iniatives | | | | | | | | | | | | | | | | | |
| Conservation of Built Heritage | 36 | (6) | 42 | 0 | 42 | (42) | 0 | | 0 | 0 | | 0 | 0 | | 0 | | 0 |
| Sub-Total | 36 | (6) | 42 | 0 | 42 | (42) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Perth & Kinross Place-making | | | | | | | | | | | | | | | | | |
| Mill Street Environmental Improvements | 0 | 0 | 0 | 127 | 0 | | 127 | | 127 | 0 | | 0 | 0 | | 0 | | 0 |
| Perth, Place, People | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 | 0 | 3,629 | 3,629 | 0 | | 0 | | 0 |
| St Paul's Church | 142 | 175 | (33) | 0 | (33) | 33 | 0 | | 0 | 0 | | 0 | 0 | | 0 | | 0 |
| Perth City Centre Golden Route (Rail Station) | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 | 493 | (493) | 0 | 0 | | 0 | | 0 |
| Green Network Routes | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 | 115 | (115) | 0 | 0 | | 0 | | 0 |
| City Greening | 31 | 0 | 31 | 0 | 31 | | 31 | | 31 | 0 | | 0 | 0 | | 0 | | 0 |
| Tay Street, Perth | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 | 1,472 | (1,472) | 0 | 0 | | 0 | | 0 |
| Mill St, Perth (Phase 3) - Shared Space at Bus Station | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 | 600 | (600) | 0 | 0 | | 0 | | 0 |
| South Street, Perth - Transport Hub | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 | 940 | (940) | 0 | 0 | | 0 | | 0 |
| Perth & Kinross Lighting Action Plan | 388 | 178 | 210 | 1,889 | 210 | | 2,099 | 109 | 2,099 | 653 | | 653 | 0 | | 0 | | 0 |
| Sub-Total | 561 | 353 | 208 | 2,016 | 208 | 33 | 2,257 | 109 | 2,257 | 4,273 | 9 | 4,282 | 0 | 0 | 0 | 0 | 0 |
| Other Planning Projects | | | | | | | | | | | | | | | | | |
| Creative Exchange (former St. John's Primary School) | 84 | 31 | 53 | 0 | 53 | | 53 | | 53 | 0 | | 0 | 0 | | 0 | | 0 |
| Town Centre - Regeneration & Economic Improvements | 2,034 | 2,008 | 26 | 0 | 26 | | 26 | | 26 | 0 | | 0 | 0 | | 0 | | 0 |
| Scottish Government Grant | (2,034) | (2,008) | (26) | 0 | (26) | | (26) | | (26) | 0 | | 0 | 0 | | 0 | | 0 |
| Local Full Fibre Network | 3,769 | 3,451 | 318 | 0 | 318 | (120) | 198 | 2 | 198 | 0 | | 0 | 0 | | 0 | | 0 |
| Third Party Contribution - DCMS | (2,569) | (2,524) | (45) | 0 | (45) | 45 | 0 | | 0 | 0 | | 0 | 0 | | 0 | | 0 |
| Scottish Government Grant (Town Centre Fund) | (200) | (200) | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | | 0 |
| Third Party Contribution - Tay Cities Deal | (1,000) | (728) | (272) | 0 | (272) | 74 | (198) | (195) | (198) | 0 | | 0 | 0 | | 0 | | 0 |
| Low Carbon Transport & Active Travel Hub - Broxden EV Charger | 52 | 34 | 18 | 1,008 | 18 | | 1,026 | 1 | 1,026 | 0 | | 0 | 0 | | 0 | | 0 |
| Third Party Contribution - ERDF | (21) | (14) | (7) | (403) | (7) | | (410) | | (410) | 0 | | 0 | 0 | | 0 | | 0 |
| Third Party Contribution - Tay Cities Deal | (31) | (21) | (10) | (605) | (10) | | (615) | | (615) | 0 | | 0 | 0 | | 0 | | 0 |
| Perth Eco Innovation Park | 0 | 0 | 0 | 6,889 | 0 | | 6,889 | | 6,889 | 10,661 | | 10,661 | 3,536 | | 3,536 | | 0 |
| Third Party Contributions - Tay Cities Deal | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | (990) | | (990) | (1,899) | |
| Other Third Party Contributions | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | (2,500) | |
| Capital Receipts - Ring Fenced Land Disposals | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | | 0 |
| Nature Restoration | 166 | 136 | 30 | 0 | 30 | 176 | 206 | 1 | 206 | 0 | | 0 | 0 | | 0 | | 0 |
| Sub-Total | 250 | 165 | 85 | 6,889 | 85 | 175 | 7,149 | (191) | 7,149 | 10,661 | 0 | 10,661 | 2,546 | 0 | 2,546 | (4,399) | 0 |
| City Centre Developments - Cultural Attractions | | | | | | | | | | | | | | | | | |
| Perth City Hall | 9,567 | 10,071 | (504) | 7,840 | (504) | | 7,336 | 2,500 | 7,336 | 4,311 | 700 | 5,011 | 663 | | 663 | | 0 |
| Perth Museum & Art Gallery (PMAG) | 12 | 0 | 12 | 0 | 12 | | 12 | | 12 | 3,304 | | 3,304 | 0 | | 0 | | 0 |
| Collections Centre | 24 | 0 | 24 | 0 | 24 | | 24 | | 24 | 6,400 | | 6,400 | 0 | | 0 | | 0 |
| Third Party Contribution (Tay Cities Deal) | (7,200) | (7,200) | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | | 0 |
| PH2O | 0 | 0 | 0 | 500 | 0 | | 500 | | 500 | 3,500 | | 3,500 | 26,000 | | 26,000 | | 25,000 |
| Sub-Total | 2,403 | 2,871 | (468) | 0 | 8,340 | (468) | 0 | 2,500 | 7,872 | 17,515 | 700 | 18,215 | 26,663 | 0 | 26,663 | 25,000 | 0 |
| Community Planning | | | | | | | | | | | | | | | | | |
| Letham Community Wellbeing Hub | 768 | 476 | 292 | 3,577 | 292 | | 3,869 | 593 | 3,869 | 0 | | 0 | 0 | | 0 | | 0 |
| Scottish Government Grant (Regeneration Fund) | (768) | (476) | (292) | (232) | (292) | | (524) | | (524) | 0 | | 0 | 0 | | 0 | | 0 |
| Third Party Contribution (Letham4All) | 0 | 0 | 0 | (519) | 0 | | (519) | | (519) | 0 | | 0 | 0 | | 0 | | 0 |

| | Approved Budget 20-Apr-22 2021/22 (£'000) | Actual Expenditure 2021/22 (£'000) | Proposed Carry Forward to 2022/23 (£'000) | | Approved Budget 20-Apr-22 2022/23 (£'000) | Proposed Brought Forward from 2021/22 (£'000) | Proposed Budget Adjustment Report 1 2022/23 (£'000) | Proposed Budget 14-Sep-22 Report 1 2022/23 (£'000) | Actual to 31-Jul-22 2022/23 (£'000) | Projected Outturn 2022/23 (£'000) | | Approved Budget 20-Apr-22 2023/24 (£'000) | Proposed Budget Adjustment Report 1 2023/24 (£'000) | Proposed Budget 14-Sep-22 Report 1 2023/24 (£'000) | | Approved Budget 20-Apr-22 2024/25 (£'000) | Proposed Budget Adjustment Report 1 2024/25 (£'000) | Proposed Budget 14-Sep-22 Report 1 2024/25 (£'000) | | Approved Budget 20-Apr-22 2025/26 (£'000) | Proposed Budget Adjustment Report 1 2025/26 (£'000) |
|---|--|---|--|----------|--|--|---|--|--|--|--|--|---|--|--|--|---|--|--|--|---|
| Revenue Contribution (Place Based Development Grant) | 0 | 0 | 0 | | (735) | 0 | | (735) | | (735) | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Sub-Total | 0 | 0 | 0 | 0 | 2,091 | 0 | 0 | 2,091 | 593 | 2,091 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Community Greenspace | | | | | | | | | | | | | | | | | | | | | |
| Play Areas - Improvements Implementation Strategy | 309 | 270 | 39 | | 669 | 39 | | 708 | | 708 | | 150 | | 150 | | 150 | | 150 | | 150 | |
| Third Party Contribution | (131) | (131) | 0 | | (47) | 0 | | (47) | | (47) | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Revenue Contribution (Developer Contribution Reserve) | (12) | (10) | (2) | | 0 | (2) | | (2) | | (2) | | 0 | | 0 | | 0 | | 0 | | 0 | |
| 3G Pitch, Blairgowrie | 400 | 362 | 38 | | 0 | 38 | | 38 | | 38 | | 100 | | 100 | | 0 | | 0 | | 0 | |
| Settlement/Neighbourhood Parks | 18 | 10 | 8 | | 0 | 8 | | 8 | | 8 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Countryside Sites | 16 | 18 | (2) | | 150 | (2) | | 148 | 1 | 148 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Community Greenspace Sites | 20 | 0 | 20 | | 486 | 20 | | 506 | | 506 | | 410 | | 410 | | 410 | | 410 | | 410 | |
| Community Greenspace Bridges | 50 | 21 | 29 | | 35 | 29 | | 64 | | 64 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Core Path Implementation | 35 | 30 | 5 | | 73 | 5 | | 78 | | 78 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Third Party Contribution | (19) | (15) | (4) | | (56) | (4) | | (60) | | (60) | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Alyth Environmental Improvements | 16 | 6 | 10 | | 0 | 10 | | 10 | | 10 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Premier Parks | 10 | 6 | 4 | | 0 | 4 | | 4 | | 4 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Auchterarder Public Park | 15 | 19 | (4) | | 127 | (4) | 140 | 263 | | 263 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Third Party Contribution | 0 | 0 | 0 | | 0 | 0 | (140) | (140) | | (140) | | 0 | | 0 | | 0 | | 0 | | 0 | |
| The Knock | 40 | 16 | 24 | | 0 | 24 | | 24 | 5 | 24 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Third Party Contribution | (6) | (6) | 0 | | 0 | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Kinnoull Hill | 158 | 117 | 41 | | 0 | 41 | | 41 | | 41 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Third Party Contribution | (110) | (110) | 0 | | 0 | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Cemetery Extensions | 3 | 0 | 3 | | 60 | 3 | | 63 | | 63 | | 406 | | 406 | | 150 | | 150 | | 100 | |
| Sub-Total | 812 | 603 | 209 | | 1,497 | 209 | 0 | 1,706 | 6 | 1,706 | | 1,066 | 0 | 1,066 | | 710 | 0 | 710 | | 660 | 0 |
| Support Services | | | | | | | | | | | | | | | | | | | | | |
| <u>PC Replacement & IT Upgrades</u> | | | | | | | | | | | | | | | | | | | | | |
| Hardware | 20 | 27 | (7) | | 17 | (7) | | 10 | 4 | 10 | | 17 | | 17 | | 17 | | 17 | | 17 | |
| Licenses | 15 | 57 | (42) | | 77 | (42) | | 35 | 12 | 35 | | 120 | | 120 | | 120 | | 120 | | 120 | |
| Corporate Programme Management System | 23 | 23 | 0 | | 0 | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Sub-Total | 58 | 107 | (49) | | 94 | (49) | 0 | 45 | 16 | 45 | | 137 | 0 | 137 | | 137 | 0 | 137 | | 137 | 0 |
| Commercial Property Investment Programme | | | | | | | | | | | | | | | | | | | | | |
| North Muirton Industrial Estate - Site Servicing & Provision of Unit: | 208 | 103 | 105 | | 0 | 105 | | 105 | 1 | 105 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Western Edge, Kinross - Site Servicing | 12 | 2 | 10 | | 0 | 10 | | 10 | | 10 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Additional Infrastructure Investment - Broxden | 46 | 0 | 46 | | 0 | 46 | | 46 | | 46 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Broxden Drainage Mitigation Works | 0 | 6 | (6) | | 314 | (6) | | 308 | 62 | 308 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Third Party Contribution (Scottish Water) | 0 | 0 | 0 | | (239) | 0 | | (239) | | (239) | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Ruthvenfield Business Centre | 0 | 0 | 0 | | 0 | 0 | 510 | 510 | | 510 | | 0 | 1,145 | 1,145 | | 0 | | 0 | | 0 | |
| Third Party Contribution | 0 | 0 | 0 | | 0 | 0 | (115) | (115) | | (115) | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Eco-Hub Manufacturing Facility | 10 | 0 | 10 | | 0 | 10 | (10) | 0 | | 0 | | 1,388 | (1,388) | 0 | | 0 | | 0 | | 0 | |
| North Muirton Industrial Estate Expansion Land - Servicing | 30 | 33 | (3) | | 0 | (3) | 3 | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Sub-Total | 306 | 144 | 162 | | 75 | 162 | 388 | 625 | 63 | 625 | | 1,388 | (243) | 1,145 | | 0 | 0 | 0 | | 0 | 0 |
| Prudential Borrowing Projects | | | | | | | | | | | | | | | | | | | | | |
| Wheeled Bin Replacement Programme - Domestic Bins | 201 | 179 | 22 | | 243 | 22 | | 265 | 82 | 265 | | 200 | | 200 | | 200 | | 200 | | 200 | |
| Wheeled Bin Replacement Programme - Commercial Bins | 0 | 0 | 0 | | 39 | 0 | | 39 | | 39 | | 20 | | 20 | | 20 | | 20 | | 20 | |
| Recycling Containers, Oil Banks & Battery Banks Replacement Pr | 79 | 76 | 3 | | 104 | 3 | 4 | 111 | | 111 | | 65 | | 65 | | 65 | | 65 | | 65 | |
| Capital Receipts - Disposals | (14) | (14) | 0 | | 0 | 0 | (4) | (4) | (4) | (4) | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Litter Bins | 15 | 15 | 0 | | 25 | 0 | | 25 | | 25 | | 25 | | 25 | | 50 | | 50 | | 50 | |
| Capital Receipts - Disposals | 0 | 0 | 0 | | 0 | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Smart Cities - Smart Waste | 294 | 37 | 257 | | 48 | 257 | | 305 | 42 | 305 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Third Party Contribution (ERDF) | (116) | (15) | (101) | | (17) | (101) | | (118) | | (118) | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Vehicle Replacement Programme | 2,647 | 2,390 | 257 | | 4,345 | 257 | | 4,602 | 218 | 4,602 | | 3,000 | | 3,000 | | 3,000 | | 3,000 | | 3,000 | |
| Capital Receipts - Vehicle Disposals | (262) | (242) | (20) | | (348) | (20) | | (368) | (22) | (368) | | (300) | | (300) | | (300) | | (300) | | (300) | |
| Crematorium - Abatement Works | 15 | 6 | 9 | | 0 | 9 | | 9 | | 9 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Street Lighting Renewal - LED & Column Replacement | 793 | 844 | (51) | | 910 | (51) | (89) | 770 | 198 | 770 | | 924 | 20 | 944 | | 934 | 20 | 954 | | 925 | 20 |
| LED Traffic Signal Replacement | 26 | 24 | 2 | | 144 | 2 | | 146 | 39 | 146 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Almondbank Flood Protection Scheme | 4 | 4 | 0 | | 0 | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Land Purchase & Development (Hotel Development) | 0 | 0 | 0 | | 1,900 | 0 | | 1,900 | | 1,900 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Technology & Innovation Incubator Units | 0 | 0 | 0 | | 1,000 | 0 | | 1,000 | | 1,000 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Sub Total | 3,682 | 3,304 | 378 | | 8,393 | 378 | (89) | 8,682 | 553 | 8,682 | | 3,934 | 20 | 3,954 | | 3,969 | 20 | 3,989 | | 3,960 | 20 |
| Housing Projects | | | | | | | | | | | | | | | | | | | | | |
| Gypsy Travellers Site Improvement Works | 252 | 45 | 207 | | 0 | 207 | | 207 | 3 | 207 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Additional Gypsy Traveller Site Improvement Works | 225 | 0 | 225 | | 0 | 225 | | 225 | | 225 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Gypsy Traveller Site Community Improvement Works | 125 | 92 | 33 | | 0 | 33 | | 33 | | 33 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Sub Total | 602 | 137 | 465 | 0 | 0 | 465 | 0 | 465 | 3 | 465 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |

| | Approved Budget 20-Apr-22 2021/22 (£'000) | Actual Expenditure 2021/22 (£'000) | Proposed Carry Forward to 2022/23 (£'000) | | Approved Budget 20-Apr-22 2022/23 (£'000) | Proposed Brought Forward from 2021/22 (£'000) | Proposed Budget Adjustment Report 1 2022/23 (£'000) | Proposed Budget 14-Sep-22 Report 1 2022/23 (£'000) | Actual to 31-Jul-22 2022/23 (£'000) | Projected Outturn 2022/23 (£'000) | | Approved Budget 20-Apr-22 2023/24 (£'000) | Proposed Budget Adjustment Report 1 2023/24 (£'000) | Proposed Budget 14-Sep-22 Report 1 2023/24 (£'000) | | Approved Budget 20-Apr-22 2024/25 (£'000) | Proposed Budget Adjustment Report 1 2024/25 (£'000) | Proposed Budget 14-Sep-22 Report 1 2024/25 (£'000) | | Approved Budget 20-Apr-22 2025/26 (£'000) | Proposed Budget Adjustment Report 1 2025/26 (£'000) |
|--|---|---|--|---|---|--|--|---|---|--|--|---|--|---|--|---|--|---|--|---|--|
| TOTAL: COMMUNITIES | 32,597 | 31,193 | 1,404 | 0 | 66,974 | 1,404 | 14,754 | 83,132 | 15,047 | 83,132 | | 102,621 | 5,749 | 108,370 | | 74,631 | 12,694 | 87,325 | | 39,514 | 195 |
| Health & Social Care | | | | | | | | | | | | | | | | | | | | | |
| Occupational Therapy Equipment | 248 | 248 | 0 | | 250 | 0 | | 250 | | 250 | | 250 | | 250 | | 250 | | 250 | | 250 | |
| Technology Enabled Telecare | 0 | 0 | 0 | | 1,000 | 0 | | 1,000 | 43 | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | |
| Moving & Handling Office Refurbishment | 0 | 0 | 0 | | 29 | 0 | | 29 | | 29 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Software Licences | 53 | 53 | 0 | | 53 | 0 | | 53 | | 53 | | 53 | | 53 | | 53 | | 53 | | 53 | |
| Developing Supported Tenancies | 0 | 0 | 0 | | 229 | 0 | (229) | 0 | | 0 | | 0 | 229 | 229 | | 0 | | 0 | | 0 | |
| TOTAL: HEALTH & SOCIAL CARE | 301 | 301 | 0 | | 1,561 | 0 | (229) | 1,332 | 43 | 1,332 | | 1,303 | 229 | 1,532 | | 1,303 | 0 | 1,303 | | 1,303 | 0 |

| | Approved Budget 20-Apr-22 | Actual Expenditure | Proposed Carry Forward to | | Approved Budget 20-Apr-22 | Proposed Brought Forward from | Proposed Budget Adjustment Report 1 | Proposed Budget 14-Sep-22 Report 1 | Actual to 31-Jul-22 | Projected Outturn | | Approved Budget 20-Apr-22 | Proposed Budget Adjustment Report 1 | Proposed Budget 14-Sep-22 Report 1 | | Approved Budget 20-Apr-22 | Proposed Budget Adjustment Report 1 |
|--|---------------------------------|-----------------------|------------------------------------|----------|---------------------------------|--|--|---|---------------------------|----------------------|--|---------------------------------|--|---|--|---------------------------------|--|
| | 2021/22 (£'000) | 2021/22 (£'000) | 2022/23 (£'000) | | 2022/23 (£'000) | 2021/22 (£'000) | 2022/23 (£'000) | 2022/23 (£'000) | 2022/23 (£'000) | 2022/23 (£'000) | | 2023/24 (£'000) | 2023/24 (£'000) | 2023/24 (£'000) | | 2024/25 (£'000) | 2024/25 (£'000) |
| CORPORATE AND DEMOCRATIC SERVICES | | | | | | | | | | | | | | | | | |
| <u>Property Services</u> | | | | | | | | | | | | | | | | | |
| DDA Adaptation & Alteration Works Programme | 208 | 163 | 45 | | 329 | 45 | | 374 | 9 | 374 | | 200 | | 200 | | 200 | |
| Property Compliance Works Programme | 550 | 573 | (23) | | 1,428 | (23) | | 1,405 | 182 | 1,405 | | 650 | | 650 | | 650 | |
| Capital Improvement Projects Programme | 3,092 | 2,887 | 205 | | 1,182 | 205 | 600 | 1,987 | 136 | 1,987 | | 1,800 | | 1,800 | | 1,800 | |
| Pitlochry High School - Upgrade Programme | 312 | 342 | (30) | | 755 | (30) | | 725 | 93 | 725 | | 0 | | 0 | | 0 | |
| Community School of Auchterarder - Structural Improvements | 275 | 264 | 11 | | 725 | 11 | | 736 | 262 | 736 | | 0 | | 0 | | 0 | |
| CO2 Monitors for Schools Programme | 174 | 93 | 81 | | 0 | 81 | | 81 | | 81 | | 0 | | 0 | | 0 | |
| Crieff Primary School - PV Energy Efficiency Works | 0 | 0 | 0 | | 77 | 0 | | 77 | | 77 | | 0 | | 0 | | 0 | |
| Revenue Contribution (Salix Reserve) | 0 | 0 | 0 | | (77) | 0 | | (77) | | (77) | | 0 | | 0 | | 0 | |
| Energy Conservation & Carbon Reduction Programme (PB) | 89 | 71 | 18 | | 150 | 18 | | 168 | | 168 | | 150 | | 150 | | 150 | |
| <u>Information Systems & Technology</u> | | | | | | | | | | | | | | | | | |
| ICT Infrastructure & Replacement and Upgrade Programme | 4,040 | 4,132 | (92) | | 2,956 | (92) | | 2,864 | 580 | 2,864 | | 3,711 | | 3,711 | | 4,087 | |
| Data & Analytics | 0 | 0 | 0 | | 635 | 0 | (135) | 500 | | 500 | | 655 | 135 | 790 | | 675 | |
| Supporting Digital | 0 | 0 | 0 | | 632 | 0 | 205 | 837 | | 837 | | 652 | 517 | 1,169 | | 674 | 40 |
| Revenue Contribution | 0 | (78) | 78 | | 0 | 78 | (78) | 0 | | 0 | | 0 | | 0 | | 0 | |
| Third Party Contribution (ERDF) | 0 | (48) | 48 | | 0 | 48 | (48) | 0 | | 0 | | 0 | | 0 | | 0 | |
| Software Licences (Revenues & Benefits) | 26 | 26 | 0 | | 51 | 0 | | 51 | | 51 | | 51 | | 51 | | 51 | |
| School Audio-Visual (AV) Equipment Replacement Programme | 1,524 | 1,442 | 82 | | 470 | 82 | 848 | 1,400 | 394 | 1,400 | | 530 | (4) | 526 | | 224 | (224) |
| Online/Mobile Working | 897 | 832 | 65 | | 461 | 65 | (526) | 0 | | 0 | | 0 | | 0 | | 0 | |
| Third Party Contribution (ERDF) | 0 | 0 | 0 | | (133) | 0 | 133 | 0 | | 0 | | 0 | | 0 | | 0 | |
| Swift Social Work System Replacement | 374 | 369 | 5 | | 1,008 | 5 | (674) | 339 | 84 | 339 | | 673 | 382 | 1,055 | | 0 | 292 |
| Customer Service Blueprint | 40 | 46 | (6) | | 169 | (6) | (163) | 0 | | 0 | | 40 | (40) | 0 | | 40 | (40) |
| TOTAL: CORPORATE AND DEMOCRATIC SERVICES | 11,601 | 11,114 | 487 | 0 | 10,818 | 487 | 162 | 11,467 | 1,740 | 11,467 | | 9,112 | 990 | 10,102 | | 8,551 | 68 |
| TOTAL COMPOSITE NET EXPENDITURE | 56,882 | 55,318 | 1,564 | | 138,276 | 1,564 | 10,495 | 150,335 | 20,846 | 150,335 | | 171,677 | (10,855) | 160,822 | | 136,464 | 10,073 |
| (NET OF GRANTS, REVENUE AND 3RD PARTY CONTRIBUTIONS, AND RING FENCED RECEIPTS) | | | | | | | | | | | | | | | | | |
| CAPITAL RECEIPTS | | | | | | | | | | | | | | | | | |
| General Capital Grant - Scottish Government | (24,841) | (24,841) | 0 | | (10,296) | 0 | (176) | (10,472) | (4,181) | (10,472) | | (12,837) | | (12,837) | | (15,934) | |
| Developer Contributions | (978) | (949) | (29) | | (1,520) | (29) | | (1,549) | | (1,549) | | (2,100) | | (2,100) | | (2,300) | |
| General Fund - Capital Receipts/Disposal | (430) | (441) | 11 | | (741) | 11 | 0 | (730) | (4) | (730) | | (250) | 0 | (250) | | (250) | 0 |
| Commercial Property - Capital Receipts/Disposal | (265) | (171) | (94) | | (752) | (94) | 0 | (846) | 0 | (846) | | (344) | 0 | (344) | | (117) | 0 |
| General Fund Housing Receipts | (3) | (3) | 0 | | 0 | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Total: Capital Receipts | (26,517) | (26,405) | (112) | | (13,309) | (112) | (176) | (13,597) | (4,185) | (13,597) | | (15,531) | 0 | (15,531) | | (18,601) | 0 |
| Annual Composite Borrowing Requirement | 30,365 | 28,913 | 1,452 | | 124,967 | 1,452 | 10,319 | 136,738 | 16,661 | 136,738 | | 156,146 | (10,855) | 145,291 | | 117,863 | 10,073 |
| CAPITAL RECEIPTS BROUGHT FORWARD | (2,529) | (2,529) | 0 | | (2,488) | 0 | (68) | (2,556) | (2,556) | (2,556) | | (3,165) | 388 | (2,777) | | (2,121) | 145 |
| CAPITAL RECEIPTS CARRIED FORWARD | 2,488 | 2,556 | (68) | | 3,165 | (68) | (320) | 2,777 | 2,493 | 2,777 | | 2,121 | (145) | 1,976 | | 2,238 | (145) |
| TOTAL NET COMPOSITE BORROWING REQUIREMENT | 30,324 | 28,940 | 1,384 | | 125,644 | 1,384 | 9,931 | 136,959 | 16,598 | 136,959 | | 155,102 | (10,612) | 144,490 | | 117,980 | 10,073 |

PERTH AND KINROSS COUNCIL
COMPOSITE CAPITAL PROGRAMME
SUMMARY OF CAPITAL RESOURCES AND EXPENDITURE 2022/23 to 2027/28

EDUCATION AND CHILDREN'S SERVICES

MIS - Procurement & Integration
Digital Inclusion
Blairgowrie Recreation Centre - Replacement

Schools Modernisation Programme

Investment in the Learning Estate
Methven Primary School Refurbishment
Kirkmichael Primary School Upgrades
 Capital Receipt (ring-fenced)
Early Learning & Childcare
- Letham Primary School Upgrade Project
- Oakbank Primary School Upgrade Project
- Rattray Primary School Upgrade Project
North/West Perth - New Primary School
Riverside Primary New School

Technology Upgrades
Perth Academy - Refurbishment
Perth Grammar School - Upgrade Programme Phase 3
Perth High School - Internal Services & Refurbishment
Perth High School - New School Investment
Harris Academy/Invergowrie - Extension

TOTAL: EDUCATION AND CHILDREN'S SERVICES

COMMUNITIES

Traffic & Road Safety

Road Safety Initiatives (20mph Zones etc..)
Road Safety Initiatives
Additional Road Safety - Pedestrian Crossings
Schools Road Safety Measures
20mph Signage Programme - Schools
20mph Signage Programme
Cycling Walking & Safer Streets (CWSS)
 Scottish Government Grant - CWSS
 Third Party Contribution (TACTRAN)
Car Parking Investment
 Revenue Contribution
Car Parking Investment - Pitlochry
Strathmore Cycle Network
Sub-Total

Asset Management - Roads & Lighting

Structural Maintenance
 Third Party Contribution (Forestry Commission Timber Routes)
Traffic Signal Renewals - Upgrading
 Third Party Contributions
Footways
Investment in Local Footpaths
Road Safety Barriers
 Third Party Contribution
Pedestrian Gritters
Sub-Total

Asset Management - Bridges

Bridge Refurbishment Programme
Dalhenzean Culvert
Dunkeld Golf Course
Vehicular Bridge Parapets Programme - Assess & Upgrade
Old Perth Bridge - Strengthening
Perth Queens Bridge - Strengthening
Culteuchar Culvert
Glendevon Bridge
Tullyfergus Bridge
Sub-Total

| Proposed Budget 14-Sep-22 Report 1 2025/26 (£'000) | Approved Budget 20-Apr-22 2026/27 (£'000) | Proposed Budget Adjustment Report 1 2026/27 (£'000) | Proposed Budget 14-Sep-22 Report 1 2026/27 (£'000) | Approved Budget 20-Apr-22 2027/28 (£'000) | Proposed Budget Adjustment Report 1 2027/28 (£'000) | Proposed Budget 14-Sep-22 Report 1 2027/28 (£'000) | Revised Budget Report 1 TOTAL (£'000) |
|---|---|--|---|---|--|---|---|
| 0 | 0 | | 0 | 0 | | 0 | 104 |
| 0 | 0 | | 0 | 0 | | 0 | 0 |
| 0 | 0 | | 0 | 0 | | 0 | 24,903 |
| 6,650 | 5,650 | 1,000 | 6,650 | 5,823 | 1,000 | 6,823 | 36,415 |
| 0 | 0 | | 0 | 0 | | 0 | 561 |
| 0 | 0 | | 0 | 0 | | 0 | 98 |
| 0 | 0 | | 0 | 0 | | 0 | (100) |
| 0 | 0 | | 0 | 0 | | 0 | 638 |
| 0 | 0 | | 0 | 0 | | 0 | 19 |
| 0 | 0 | | 0 | 0 | | 0 | 0 |
| 0 | 0 | | 0 | 0 | | 0 | 1,815 |
| 15,000 | 0 | 400 | 400 | 0 | | 0 | 24,000 |
| 0 | 0 | | 0 | 0 | | 0 | 14,653 |
| 0 | 0 | | 0 | 0 | | 0 | 1,431 |
| 2,150 | 0 | 2,150 | 2,150 | 0 | | 0 | 9,980 |
| 1,500 | 0 | 504 | 504 | 0 | | 0 | 5,565 |
| 0 | 0 | | 0 | 0 | | 0 | 21 |
| 3,300 | 0 | | 0 | 0 | | 0 | 65,336 |
| 0 | 0 | | 0 | 0 | | 0 | 4,200 |
| 28,600 | 5,650 | 4,054 | 9,704 | 5,823 | 1,000 | 6,823 | 189,639 |
| 200 | 200 | | 200 | 200 | | 200 | 1,447 |
| 0 | 0 | | 0 | 0 | | 0 | 0 |
| 175 | 0 | | 0 | 0 | | 0 | 525 |
| 0 | 0 | | 0 | 0 | | 0 | 546 |
| 0 | 0 | | 0 | 0 | | 0 | 200 |
| 0 | 0 | | 0 | 0 | | 0 | 76 |
| 200 | 200 | | 200 | 200 | | 200 | 2,048 |
| (200) | (200) | | (200) | (200) | | (200) | (1,973) |
| 0 | 0 | | 0 | 0 | | 0 | (75) |
| 0 | 0 | | 0 | 0 | | 0 | 322 |
| 0 | 0 | | 0 | 0 | | 0 | 0 |
| 0 | 0 | | 0 | 0 | | 0 | 150 |
| 0 | 0 | | 0 | 0 | | 0 | 84 |
| 375 | 200 | 0 | 200 | 200 | 0 | 200 | 3,350 |
| 9,593 | 9,800 | | 9,800 | 7,500 | | 7,500 | 59,426 |
| 0 | 0 | | 0 | 0 | | 0 | (945) |
| 0 | 0 | | 0 | 0 | | 0 | 199 |
| 0 | 0 | | 0 | 0 | | 0 | (3) |
| 435 | 435 | | 435 | 435 | | 435 | 2,699 |
| 0 | 0 | | 0 | 0 | | 0 | 200 |
| 0 | 0 | | 0 | 0 | | 0 | 33 |
| 0 | 0 | | 0 | 0 | | 0 | 0 |
| 0 | 0 | | 0 | 0 | | 0 | 0 |
| 10,028 | 10,235 | 0 | 10,235 | 7,935 | 0 | 7,935 | 61,609 |
| 1,091 | 1,091 | 100 | 1,191 | 1,291 | | 1,291 | 8,964 |
| 0 | 0 | | 0 | 0 | | 0 | 287 |
| 0 | 0 | | 0 | 0 | | 0 | 226 |
| 0 | 0 | | 0 | 0 | | 0 | 29 |
| 2,369 | 0 | | 0 | 0 | | 0 | 2,569 |
| 70 | 2,153 | | 2,153 | 0 | | 0 | 2,618 |
| 0 | 0 | | 0 | 0 | | 0 | 399 |
| 0 | 0 | | 0 | 0 | | 0 | 275 |
| 0 | 0 | | 0 | 0 | | 0 | 134 |
| 3,530 | 3,244 | 100 | 3,344 | 1,291 | 0 | 1,291 | 15,501 |

| | Proposed Budget 14-Sep-22 Report 1 2025/26 (£'000) | Approved Budget 20-Apr-22 2026/27 (£'000) | Proposed Budget Adjustment Report 1 2026/27 (£'000) | Proposed Budget 14-Sep-22 Report 1 2026/27 (£'000) | Approved Budget 20-Apr-22 2027/28 (£'000) | Proposed Budget Adjustment Report 1 2027/28 (£'000) | Proposed Budget 14-Sep-22 Report 1 2027/28 (£'000) | Revised Budget Report 1 TOTAL (£'000) |
|---|---|---|--|---|---|--|---|---|
| Improvement Schemes | | | | | | | | |
| A9/A85 Road Junction Improvements | 0 | 0 | | 0 | 0 | | 0 | 359 |
| Cross Tay Link Road (CTLR) | 0 | 0 | | 0 | 0 | | 0 | 133,703 |
| Scottish Government Grant | 0 | 0 | | 0 | 0 | | 0 | (35,000) |
| A977 Upgrades | 0 | 0 | | 0 | 0 | | 0 | 190 |
| Brioch Road, Crieff - Road Realignment & Safety Measures | 0 | 0 | | 0 | 0 | | 0 | 31 |
| Third Party Contribution (Developers) | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Sub-Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 99,283 |
| Rural Flood Protection Schemes | | | | | | | | |
| Almondbank Flood Protection Scheme | 0 | 0 | | 0 | 0 | | 0 | 43 |
| Revenue Contribution | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Perth Flood Protection Scheme (Pump Replacement) | 0 | 0 | | 0 | 0 | | 0 | 161 |
| Comrie Flood Protection Scheme | 0 | 0 | | 0 | 0 | | 0 | 26,083 |
| Milnathort Flood Protection Scheme | 0 | 0 | | 0 | 0 | | 0 | 1,754 |
| South Kinross Flood Protection Scheme | 350 | 0 | | 0 | 0 | | 0 | 3,310 |
| Scone Flood Protection Scheme | 48 | 0 | | 0 | 0 | | 0 | 772 |
| Coastal Change Adaptation | 0 | 0 | | 0 | 0 | | 0 | 100 |
| Sub-Total | 398 | 0 | 0 | 0 | 0 | 0 | 0 | 32,223 |
| Rural Iniatives | | | | | | | | |
| Conservation of Built Heritage | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Sub-Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Perth & Kinross Place-making | | | | | | | | |
| Mill Street Environmental Improvements | 0 | 0 | | 0 | 0 | | 0 | 127 |
| Perth, Place, People | 0 | 0 | | 0 | 0 | | 0 | 3,629 |
| St Paul's Church | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Perth City Centre Golden Route (Rail Station) | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Green Network Routes | 0 | 0 | | 0 | 0 | | 0 | 0 |
| City Greening | 0 | 0 | | 0 | 0 | | 0 | 31 |
| Tay Street, Perth | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Mill St, Perth (Phase 3) - Shared Space at Bus Station | 0 | 0 | | 0 | 0 | | 0 | 0 |
| South Street, Perth - Transport Hub | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Perth & Kinross Lighting Action Plan | 0 | 0 | | 0 | 0 | | 0 | 2,752 |
| Sub-Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,539 |
| Other Planning Projects | | | | | | | | |
| Creative Exchange (former St. John's Primary School) | 0 | 0 | | 0 | 0 | | 0 | 53 |
| Town Centre - Regeneration & Economic Improvements | 0 | 0 | | 0 | 0 | | 0 | 26 |
| Scottish Government Grant | 0 | 0 | | 0 | 0 | | 0 | (26) |
| Local Full Fibre Network | 0 | 0 | | 0 | 0 | | 0 | 198 |
| Third Party Contribution - DCMS | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Scottish Government Grant (Town Centre Fund) | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Third Party Contribution - Tay Cities Deal | 0 | 0 | | 0 | 0 | | 0 | (198) |
| Low Carbon Transport & Active Travel Hub - Broxden EV Charger | 0 | 0 | | 0 | 0 | | 0 | 1,026 |
| Third Party Contribution - ERDF | 0 | 0 | | 0 | 0 | | 0 | (410) |
| Third Party Contribution - Tay Cities Deal | 0 | 0 | | 0 | 0 | | 0 | (615) |
| Perth Eco Innovation Park | 0 | 0 | | 0 | 0 | | 0 | 21,086 |
| Third Party Contributions - Tay Cities Deal | (1,899) | (550) | | (550) | (505) | | (505) | (3,944) |
| Other Third Party Contributions | (2,500) | (1,000) | | (1,000) | (1,000) | | (1,000) | (4,500) |
| Capital Receipts - Ring Fenced Land Disposals | 0 | (550) | | (550) | (550) | | (550) | (1,100) |
| Nature Restoration | 0 | 0 | | 0 | 0 | | 0 | 206 |
| Sub-Total | (4,399) | (2,100) | 0 | (2,100) | (2,055) | 0 | (2,055) | 11,802 |
| City Centre Developments - Cultural Attractions | | | | | | | | |
| Perth City Hall | 0 | 0 | | 0 | 0 | | 0 | 13,010 |
| Perth Museum & Art Gallery (PMAG) | 0 | 0 | | 0 | 0 | | 0 | 3,316 |
| Collections Centre | 0 | 0 | | 0 | 0 | | 0 | 6,424 |
| Third Party Contribution (Tay Cities Deal) | 0 | 0 | | 0 | 0 | | 0 | 0 |
| PH2O | 25,000 | 20,000 | | 20,000 | 15,000 | | 15,000 | 90,000 |
| Sub-Total | 25,000 | 20,000 | 0 | 20,000 | 15,000 | 0 | 15,000 | 112,750 |
| Community Planning | | | | | | | | |
| Letham Community Wellbeing Hub | 0 | 0 | | 0 | 0 | | 0 | 3,869 |
| Scottish Government Grant (Regeneration Fund) | 0 | 0 | | 0 | 0 | | 0 | (524) |
| Third Party Contribution (Letham4All) | 0 | 0 | | 0 | 0 | | 0 | (519) |

PERTH AND KINROSS COUNCIL
COMPOSITE CAPITAL PROGRAMME
SUMMARY OF CAPITAL RESOURCES AND EXPENDITURE 2022/23 to 2027/28

| | Proposed Budget 14-Sep-22 Report 1 2025/26 (£'000) | Approved Budget 20-Apr-22 2026/27 (£'000) | Proposed Budget Adjustment Report 1 2026/27 (£'000) | Proposed Budget 14-Sep-22 Report 1 2026/27 (£'000) | Approved Budget 20-Apr-22 2027/28 (£'000) | Proposed Budget Adjustment Report 1 2027/28 (£'000) | Proposed Budget 14-Sep-22 Report 1 2027/28 (£'000) | Revised Budget Report 1 TOTAL (£'000) |
|---|---|---|--|---|---|--|---|---|
| Revenue Contribution (Place Based Development Grant) | 0 | 0 | | 0 | 0 | | 0 | (735) |
| Sub-Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,091 |
| Community Greenspace | | | | | | | | |
| Play Areas - Improvements Implementation Strategy | 150 | 150 | | 150 | 150 | | 150 | 1,458 |
| Third Party Contribution | 0 | 0 | | 0 | 0 | | 0 | (47) |
| Revenue Contribution (Developer Contribution Reserve) | 0 | 0 | | 0 | 0 | | 0 | (2) |
| 3G Pitch, Blairgowrie | 0 | 0 | | 0 | 0 | | 0 | 138 |
| Settlement/Neighbourhood Parks | 0 | 0 | | 0 | 0 | | 0 | 8 |
| Countryside Sites | 0 | 0 | | 0 | 0 | | 0 | 148 |
| Community Greenspace Sites | 410 | 410 | | 410 | 410 | | 410 | 2,556 |
| Community Greenspace Bridges | 0 | 0 | | 0 | 0 | | 0 | 64 |
| Core Path Implementation | 0 | 0 | | 0 | 0 | | 0 | 78 |
| Third Party Contribution | 0 | 0 | | 0 | 0 | | 0 | (60) |
| Alyth Environmental Improvements | 0 | 0 | | 0 | 0 | | 0 | 10 |
| Premier Parks | 0 | 0 | | 0 | 0 | | 0 | 4 |
| Auchterarder Public Park | 0 | 0 | | 0 | 0 | | 0 | 263 |
| Third Party Contribution | 0 | 0 | | 0 | 0 | | 0 | (140) |
| The Knock | 0 | 0 | | 0 | 0 | | 0 | 24 |
| Third Party Contribution | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Kinnoull Hill | 0 | 0 | | 0 | 0 | | 0 | 41 |
| Third Party Contribution | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Cemetery Extensions | 100 | 100 | | 100 | 100 | | 100 | 919 |
| Sub-Total | 660 | 660 | 0 | 660 | 660 | 0 | 660 | 5,462 |
| Support Services | | | | | | | | |
| PC Replacement & IT Upgrades | | | | | | | | |
| Hardware | 17 | 17 | | 17 | 17 | | 17 | 95 |
| Licenses | 120 | 120 | | 120 | 120 | | 120 | 635 |
| Corporate Programme Management System | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Sub-Total | 137 | 137 | 0 | 137 | 137 | 0 | 137 | 730 |
| Commercial Property Investment Programme | | | | | | | | |
| North Muirton Industrial Estate - Site Servicing & Provision of Units | 0 | 0 | | 0 | 0 | | 0 | 105 |
| Western Edge, Kinross - Site Servicing | 0 | 0 | | 0 | 0 | | 0 | 10 |
| Additional Infrastructure Investment - Broxden | 0 | 0 | | 0 | 0 | | 0 | 46 |
| Broxden Drainage Mitigation Works | 0 | 0 | | 0 | 0 | | 0 | 308 |
| Third Party Contribution (Scottish Water) | 0 | 0 | | 0 | 0 | | 0 | (239) |
| Ruthvenfield Business Centre | 0 | 0 | | 0 | 0 | | 0 | 1,655 |
| Third Party Contribution | 0 | 0 | | 0 | 0 | | 0 | (115) |
| Eco-Hub Manufacturing Facility | 0 | 0 | | 0 | 0 | | 0 | 0 |
| North Muirton Industrial Estate Expansion Land - Servicing | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Sub-Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,770 |
| Prudential Borrowing Projects | | | | | | | | |
| Wheeled Bin Replacement Programme - Domestic Bins | 200 | 200 | | 200 | 200 | | 200 | 1,265 |
| Wheeled Bin Replacement Programme - Commercial Bins | 20 | 20 | | 20 | 20 | | 20 | 139 |
| Recycling Containers, Oil Banks & Battery Banks Replacement Programme | 65 | 65 | | 65 | 65 | | 65 | 436 |
| Capital Receipts - Disposals | 0 | 0 | | 0 | 0 | | 0 | (4) |
| Litter Bins | 50 | 50 | | 50 | 50 | | 50 | 250 |
| Capital Receipts - Disposals | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Smart Cities - Smart Waste | 0 | 0 | | 0 | 0 | | 0 | 305 |
| Third Party Contribution (ERDF) | 0 | 0 | | 0 | 0 | | 0 | (118) |
| Vehicle Replacement Programme | 3,000 | 3,000 | | 3,000 | 3,000 | | 3,000 | 19,602 |
| Capital Receipts - Vehicle Disposals | (300) | (300) | | (300) | (300) | | (300) | (1,868) |
| Crematorium - Abatement Works | 0 | 0 | | 0 | 0 | | 0 | 9 |
| Street Lighting Renewal - LED & Column Replacement | 945 | 939 | 20 | 959 | 923 | 9 | 932 | 5,504 |
| LED Traffic Signal Replacement | 0 | 0 | | 0 | 0 | | 0 | 146 |
| Almondbank Flood Protection Scheme | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Land Purchase & Development (Hotel Development) | 0 | 0 | | 0 | 0 | | 0 | 1,900 |
| Technology & Innovation Incubator Units | 0 | 0 | | 0 | 0 | | 0 | 1,000 |
| Sub Total | 3,980 | 3,974 | 20 | 3,994 | 3,958 | 9 | 3,967 | 28,566 |
| Housing Projects | | | | | | | | |
| Gypsy Travellers Site Improvement Works | 0 | 0 | | 0 | 0 | | 0 | 207 |
| Additional Gypsy Traveller Site Improvement Works | 0 | 0 | | 0 | 0 | | 0 | 225 |
| Gypsy Traveller Site Community Improvement Works | 0 | 0 | | 0 | 0 | | 0 | 33 |
| Sub Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 465 |

PERTH AND KINROSS COUNCIL
COMPOSITE CAPITAL PROGRAMME
SUMMARY OF CAPITAL RESOURCES AND EXPENDITURE 2022/23 to 2027/28

TOTAL: COMMUNITIES

Health & Social Care

Occupational Therapy Equipment
Technology Enabled Telecare
Moving & Handling Office Refurbishment
Software Licences
Developing Supported Tenancies
TOTAL: HEALTH & SOCIAL CARE

| Proposed Budget 14-Sep-22 Report 1 2025/26 (£'000) | Approved Budget 20-Apr-22 2026/27 (£'000) | Proposed Budget Adjustment Report 1 2026/27 (£'000) | Proposed Budget 14-Sep-22 Report 1 2026/27 (£'000) | Approved Budget 20-Apr-22 2027/28 (£'000) | Proposed Budget Adjustment Report 1 2027/28 (£'000) | Proposed Budget 14-Sep-22 Report 1 2027/28 (£'000) | Revised Budget Report 1 TOTAL (£'000) |
|---|---|--|---|---|--|---|---|
| | | | | | | | |
| 39,709 | 36,350 | 120 | 36,470 | 27,126 | 9 | 27,135 | 382,141 |
| | | | | | | | |
| 250 | 250 | | 250 | 250 | | 250 | 1,500 |
| 1,000 | 1,000 | | 1,000 | 1,000 | | 1,000 | 6,000 |
| 0 | 0 | | 0 | 0 | | 0 | 29 |
| 53 | 53 | | 53 | 69 | | 69 | 334 |
| 0 | 0 | | 0 | 0 | | 0 | 229 |
| 1,303 | 1,303 | 0 | 1,303 | 1,319 | 0 | 1,319 | 8,092 |

| | Proposed Budget 14-Sep-22 Report 1 2025/26 (£'000) | Approved Budget 20-Apr-22 2026/27 (£'000) | Proposed Budget Adjustment Report 1 2026/27 (£'000) | Proposed Budget 14-Sep-22 Report 1 2026/27 (£'000) | Approved Budget 20-Apr-22 2027/28 (£'000) | Proposed Budget Adjustment Report 1 2027/28 (£'000) | Proposed Budget 14-Sep-22 Report 1 2027/28 (£'000) | Revised Budget Report 1 TOTAL (£'000) |
|--|---|---|--|---|---|--|---|---|
| CORPORATE AND DEMOCRATIC SERVICES | | | | | | | | |
| <u>Property Services</u> | | | | | | | | |
| DDA Adaptation & Alteration Works Programme | 200 | 200 | | 200 | 200 | | 200 | 1,374 |
| Property Compliance Works Programme | 650 | 650 | | 650 | 650 | | 650 | 4,655 |
| Capital Improvement Projects Programme | 1,800 | 1,800 | | 1,800 | 1,494 | (600) | 894 | 10,081 |
| Pitlochry High School - Upgrade Programme | 0 | 0 | | 0 | 0 | | 0 | 725 |
| Community School of Auchterarder - Structural Improvements | 0 | 0 | | 0 | 0 | | 0 | 736 |
| CO2 Monitors for Schools Programme | 0 | 0 | | 0 | 0 | | 0 | 81 |
| Crieff Primary School - PV Energy Efficiency Works | 0 | 0 | | 0 | 0 | | 0 | 77 |
| Revenue Contribution (Salix Reserve) | 0 | 0 | | 0 | 0 | | 0 | (77) |
| Energy Conservation & Carbon Reduction Programme (PB) | 150 | 150 | | 150 | 150 | | 150 | 918 |
| <u>Information Systems & Technology</u> | | | | | | | | |
| ICT Infrastructure & Replacement and Upgrade Programme | 2,744 | 2,283 | | 2,283 | 2,884 | | 2,884 | 18,573 |
| Data & Analytics | 646 | 668 | | 668 | 691 | | 691 | 3,970 |
| Supporting Digital | 737 | 720 | 40 | 760 | 745 | 40 | 785 | 5,002 |
| Revenue Contribution | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Third Party Contribution (ERDF) | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Software Licences (Revenues & Benefits) | 51 | 51 | | 51 | 51 | | 51 | 306 |
| School Audio-Visual (AV) Equipment Replacement Programme | 0 | 365 | (365) | 0 | 130 | (130) | 0 | 1,926 |
| Online/Mobile Working | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Third Party Contribution (ERDF) | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Swift Social Work System Replacement | 0 | 0 | | 0 | 0 | | 0 | 1,686 |
| Customer Service Blueprint | 0 | 40 | (40) | 0 | 40 | (40) | 0 | 0 |
| TOTAL: CORPORATE AND DEMOCRATIC SERVICES | 6,978 | 6,927 | (365) | 6,562 | 7,035 | (730) | 6,305 | 50,033 |
| | | | | | | | | |
| TOTAL COMPOSITE NET EXPENDITURE | 76,590 | 50,230 | 3,809 | 54,039 | 41,303 | 279 | 41,582 | 629,905 |
| (NET OF GRANTS, REVENUE AND 3RD PARTY CONTRIBUTIONS, AND RING FENCE) | | | | | | | | |
| CAPITAL RECEIPTS | | | | | | | | |
| General Capital Grant - Scottish Government | (12,279) | (12,265) | | (12,265) | (12,265) | | (12,265) | (76,052) |
| Developer Contributions | (2,367) | (2,600) | | (2,600) | (2,600) | | (2,600) | (13,516) |
| General Fund - Capital Receipts/Disposal | (250) | (250) | 0 | (250) | (250) | 0 | (250) | (1,980) |
| Commercial Property - Capital Receipts/Disposal | (308) | 0 | 0 | 0 | 0 | 0 | 0 | (1,615) |
| General Fund Housing Receipts | 0 | 0 | | 0 | 0 | | 0 | 0 |
| Total: Capital Receipts | (15,204) | (15,115) | 0 | (15,115) | (15,115) | 0 | (15,115) | (93,163) |
| | | | | | | | | |
| Annual Composite Borrowing Requirement | 61,386 | 35,115 | 3,809 | 38,924 | 26,188 | 279 | 26,467 | 536,742 |
| | | | | | | | | |
| CAPITAL RECEIPTS BROUGHT FORWARD | (2,093) | (2,546) | 145 | (2,401) | (2,546) | 145 | (2,401) | (2,556) |
| CAPITAL RECEIPTS CARRIED FORWARD | 2,401 | 2,546 | (145) | 2,401 | 2,546 | (145) | 2,401 | 2,401 |
| | | | | | | | | |
| TOTAL NET COMPOSITE BORROWING REQUIREMENT | 61,694 | 35,115 | 3,809 | 38,924 | 26,188 | 279 | 26,467 | 536,587 |

CROSS TAY LINK ROAD

REVISED COST ANALYSIS REPORT

1. PURPOSE

2.

- 2.1 This Report has been prepared to provide an update on the costs associated with the Cross Tay Link Road project, highlighting that the forecasted costs exceed the current budget. This analysis indicates a worst case scenario cost increase of £32.5 million above the overall budget of £118 million.

3. STRUCTURE OF REPORT

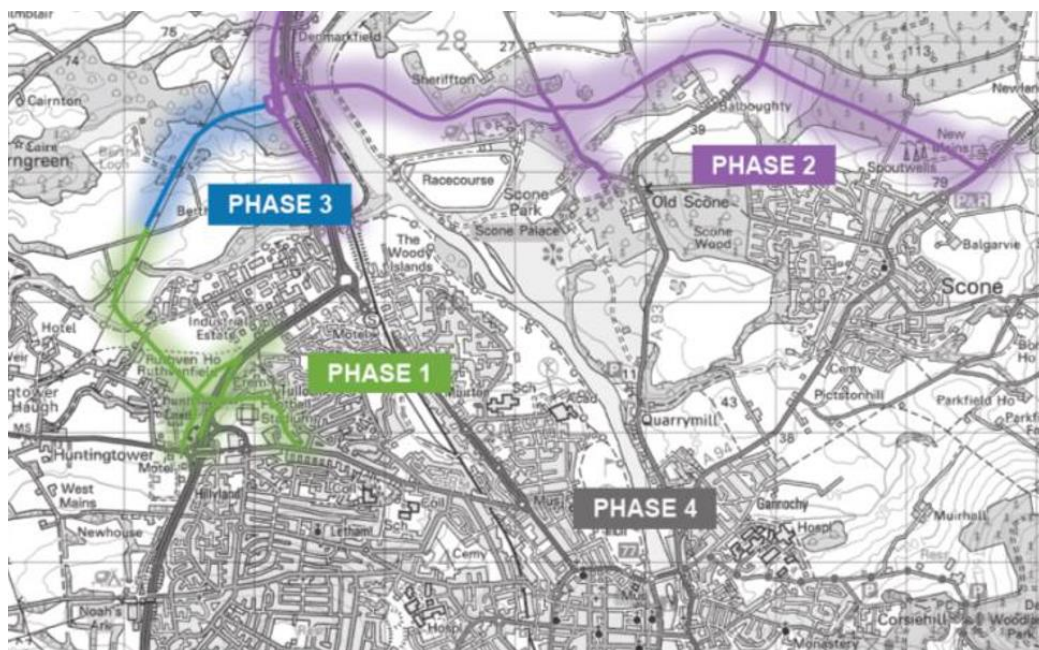
- 2.1 This report is structured over the following sections:

- Section 3: Background
- Section 4: Revised Costing Analysis
- Section 5: Risk Analysis
- Section 6: Conclusions
- Appendices:
 - Appendix A: Revised Costing Analysis
 - Appendix B: Principal Project Commodities (Inflation comparisons)
 - Appendix C: QRA Model Summary

3. BACKGROUND

CROSS TAY LINK ROAD

- 3.1 The Cross Tay Link Road (CTLR) has been a strategic priority of the Council since 2008 and is a vital component of Shaping Perth's Transport Future Strategy which was approved by the Council in January 2012. This Strategy forms four phases and is an integrated series of measures to support the sustainable economic growth of the Perth and Kinross area, whilst also addressing the major congestion and air quality issues in and around Perth.
- 3.2 The four phases are:
1. A9/A85 Junction Improvement and Link Road to Bertha Park
 2. Cross Tay Link Road (connecting the A9, A93 and A94);
 3. Bertha Park connection road (will be taken forward by the developer); and
 4. Associated Perth city centre improvements.



- 3.3 Phase 1 was completed in 2019 and Phase 2, the CTLR, is underway. The third phase is the link road from Bertha Park to the CTLR and the fourth phase an ambitious programme of active travel initiatives in Perth (including the rail/bus interchange).
- 3.4 The CTLR is a key element of the Council's statutory Development Plan comprising the TAYplan Strategic Development Plan 2016-2036 and the Perth and Kinross Local Development Plan 2 (2019). The adoption of the Local Development Plan (LDP2) by the Council on 29 November 2019 was the culmination of 4 years' work, and was the result of an extensive consultation process, an examination and Council resolutions. Delivery of the CTLR is therefore central to the housing, employment and transport strategies for the plan area and for the Perth Core Area.
- 3.5 The infrastructure which is included in the CTLR project is listed below:
- realignment of the A9 dual carriageway between Perth and Luncarty
 - a grade separated junction on the A9
 - a bridge spanning the Perth-Inverness railway line and River Tay
 - a link road connecting the A9 to the North of Scone
 - a green bridge at Highfield
 - a wetland area at the Caravan Park
 - new footways and cycle paths including links to existing routes, and crossings
 - a Park & Cycle facility.
- 3.6 The preferred route for the CTLR was agreed by the Council in December 2016 ([Report No. 16/560](#)) and reaffirmed in respect of the eastern end in [June 2019](#). As with any major roads infrastructure project, the route has been subject to many years of detailed technical assessment and professional and independent scrutiny. It follows the multi-stage process directed by both legislation and Transport Scotland guidance and can be summarised as follows:

- Scottish Transport Appraisals Guidance (STAG) (2008);
 - Strategic Environmental Assessment (2010/2011);
 - Design Manual for Roads and Bridges (DMRB) Stage 1 Assessment (2011);
 - DMRB Stage 2 assessment and associated environmental assessment (2012 – 2016);
 - Planning Application and Environmental Impact Assessment Report (Nov 2019); and
 - DMRB Stage 3 assessment (April 2020).
- 3.7 Planning consent ([Ref: 19/01837/FLM](#)) for the CTRLR scheme was granted in October 2020.
- 3.8 All land required for the scheme has been acquired by the Council through compulsory purchase.

BUDGET

- 3.9 The approved budget for the project, including for services, works, fees and land, is £118 million. The Council approved a Capital Budget of £78 million for the Cross Tay Link Road in June 2016 ([Report No. 16/277](#)). The project was included in the updated the Capital Budget 2020/21 - 2028/29 and funding re-approved alongside a decision to proceed with the project ([Report 20/175](#)).
- 3.10 The Scottish Government is contributing £40 million to the project as part of a side deal negotiated as part of the Tay Cities Deal. The Grant Offer has been finalised and the first payment of £5 million was received in early August 2022. It should also be noted that over time there will be developer contributions towards the CTRLR in excess of £17 million.

CONTRACT

- 3.11 The Procurement Strategy for the contract was approved by the Project Board and signed off by Procurement and the Executive Sponsor in October 2019. In accordance with that Strategy, the contract has been procured through a staged tender process under Competitive Procedure with Negotiation in accordance with The Public Contracts (Scotland) Regulations 2015.
- 3.12 Following the decision to proceed with the project, tenders were returned on 19 April 2021 and following evaluation a Contract Award Report was prepared and approved by the Project Board on 26 May 2021.
- 3.13 In accordance with the approved Procurement Strategy (October 2019) the contract for the Detailed Design and Construction of the CTRLR is made up of three stages:

| | | |
|--------------------|--|--|
| Stage One | Early Contractor Involvement | Preparation of the detailed design including carrying out advance works that are necessary to de-risk the main construction works |
| Stage Two | Construction | Main construction works including completion of any outstanding detailed design. |
| Stage Three | Landscaping Management and Maintenance (5 years) | After completion of Stage Two the Contractor automatically enters into a separate term services contract for the management and maintenance of the scheme landscaping. |

- 3.14 Following a robust procurement process through Public Contracts Scotland the [contract for Stage One](#) was awarded to BAM Nuttall Ltd (BAM) and commenced in August 2021. Stage Two is due to commence upon the successful completion of Stage One. The current programme estimates completion in Spring 2025. The total value of the contract is £94.5million.
- 3.15 Due to the uncertainty surrounding COVID-19 and EU Exit at the time of tender, the contract includes a clause to cover for the price to be adjusted for inflation and uses the BCIS General Civil Engineering Cost Index to ensure this is done fairly. A clause to allow the price to be adjusted due to a change in the law is also included. These clauses were included to ensure that the contractors invited to tender did not inflate prices significantly to protect themselves from risks associated with COVID-19 and EU Exit. Details of these were contained in the Contract Award Report prior to contract award.
- 3.16 The contract is a NEC 4 (Engineering and Construction Contract) Option C Target Price where the Council only pays the actual cost of the work carried out (known as Defined Cost under the contract) plus an agreed percentage fee. Regular audits and assessments are carried out to ensure that the costs paid are transparent and the percentage fee covers all the Contractor's overheads and profit. At the end of the contract, the final cost is measured against the Target Price which was agreed at contract award stage. The Council and the Contractor share the difference between the End Defined Cost and Target Price. In the event, that the costs exceed the Target Price there is a capped limit on what the Council would need to share.
- 3.17 Stage One of the contract is nearing completion with over 80% of the deliverables successfully achieved. To avoid delay Stage Two will need to commence immediately after the additional budget provision is confirmed.

4. REVISED COSTING ANALYSIS

- 4.1 As Stage Two of the contract approaches, a detailed costing analysis of the full project has been undertaken with the costs and variances shown in the table at Appendix A. The supporting narrative of this analysis has been broken down into three sections:

- Design and Build Works (BAM Contract)
- Contractors All Risk Insurance
- Quantitative Risk Assessment (Contingency)
-

DESIGN AND BUILD WORKS (BAM CONTRACT)

4.2 Changes in Law (National Insurance and Fuel Duty)

- 4.2.1 At the time of contract award, it was known that the UK Government proposed in April 2022 to abolish the tax exemption on red diesel. Under the contract BAM are entitled to this cost adjustment which equates to £3.3 million.
- 4.2.2 In April 2022 National Insurance contributions increased when the Health and Social Care Levy came into effect in the UK. Similarly, under the contract BAM are entitled to this cost adjustment of £0.3 million.

4.3 Compensation Events (Change)

- 4.3.1 Many construction contracts over the duration will be subject to changes for various reasons. For example, changes to the design or specification and unforeseen ground conditions. In this contract changes are called Compensation Events (CEs). To date, only a small number of changes have been implemented with an expected cost of around £1 million. Over half of this is attributed to the additional archaeological investigations required under the project's Written Scheme of Archaeology Investigation and overseen by Perth & Kinross Heritage Trust.
- 4.3.2 It should be noted that there will be changes throughout the duration of the Stage Two contract and an analysis has been undertaken to provide a level of cost contingency. The output from this analysis (Quantitative Risk Analysis), is detailed later in this report.

4.4 Inflation and Current Market Conditions

- 4.4.1 BAM and the construction industry generally are continuing to experience an adverse impact on prices and availability of construction materials and the resulting steep rise in inflation. During the latter months of 2021, the principal drivers affecting inflation were materials (cement, timber, steel and oil), but in the first quarter of 2022 this impact has been exacerbated by significant price rises in gas and the conflict in Ukraine. Market conditions are exceptional, and the impact is global.
- 4.4.2 The initial drivers of rising inflation, in the last half of 2021, were the increased activity on projects as COVID-19 restrictions start easing and a shortfall in the availability of materials because production had been reduced, to match reduced demand, during the lockdown periods. The short-term view had been that price rises and shortages would remain until Q4/21, but forecasts suggested that supply would catch up with demand by Q3/22 and that ongoing price/shortage impacts would ease. However, these forecasts have been compromised by ever increasing gas and oil prices, the ongoing reduced

availability of materials and the global impact of the conflict in Ukraine. Inflation forecasts for Q4/22 are currently +25% for some commodities such as sheet piles, oil, fabricated steel, cement and copper which will have knock on effects on the price of ready-mixed concrete, drainage products, steel reinforcement, transport and plant. In addition to the global impact of supply and demand on inflation, it is unlikely that the supply chain will be able to offer fixed prices for goods and/or services for any meaningful length of time and it is also evident that delivery periods have extended.

- 4.4.3 During the Stage One contract, BAM has worked diligently to identify and secure sub-contractors and suppliers through early procurement, with several key sub-contracts in place for Stage Two providing a price fix. However, this is not possible for all for all suppliers and materials with some unwilling to fix price due to market volatility.
- 4.4.4 In accordance with the contract there is a clause (X1) to cover for the overall price to be adjusted for inflation and the BCIS General Civil Engineering Cost Index is used to ensure this is done fairly. This has been calculated as a forecast in BAM's End Defined Cost as shown below.
- 4.4.5 Under normal circumstances these indices would provide a reasonable approach to inflation assessments. However, these are currently disproportionately low when compared with actual market conditions. An analysis of the principal project commodities has been undertaken to show how these are influencing the Defined Cost. The graphs show the comparison between the BCIS data, the general indices and actual market conditions and are included at Appendix B.

4.5 Value Engineering

- 4.5.1 During the early stages of the Stage One contract BAM undertook a substantial value engineering exercise to develop proposals to benefit the project, principally in terms of costs savings and carbon reduction. Eighteen proposals were accepted providing a total cost saving of just over £5 million. These are now being incorporated into the final detailed design. Unfortunately, due to the steep rise in inflation, the cost benefit of this exercise anticipated at tender will not be realised.

4.6 Stage Two Earthworks

- 4.6.1 Under the contract for BAM were able to submit a proposal to undertake works identified in Stage Two during Stage One if it is beneficial to the contract outcomes. A proposal to commence bulk earthworks in Stage One to capture time in the 2022 earthworks season was subsequently put forward by BAM and accepted.
- 4.6.2 Bringing the earthworks forward to start in May 2022 has provided greater programme and cost certainty.

4.7 BAM's End Defined Cost Forecast

4.7.1 In accordance with the contract BAM are required to submit forecasts of their End Defined Cost. This forecast takes account of the project cost, value engineering, changes in law, CEs, sub-contractor and supplies secured, contractor risks, inflation indices and assessment. This forecast has been expressed as a range:

- Minimum £108.9 million
- Expected £109.8 million
- Maximum £111.7 million

4.7.2. Due to inflation and the current volatile market conditions as outlined in this report, the Maximum End Forecast Defined Cost has been used in this Revised Costing Analysis.

CONTRACTORS ALL RISK INSURANCE

4.8 At the time of tender BAM submitted a price of £2.217 million for this contract insurance requirement. This was higher than the other tender submissions and BAM were subsequently asked to obtain an alternative quotation. A revised quotation is currently being reviewed by the Council's insurance broker.

QUANTITATIVE RISK ASSESSMENT (CONTINGENCY)

4.9 Turner & Townsend have been engaged to provide the Council with commercial management support on the Stage One and Two contracts. This has included working with the Council's Project Team to undertake a complete cost risk assessment, utilising Quantitative Risk Analysis (QRA) techniques. This methodology incorporates assessments of the key sources of risk and uncertainty associated with the project, with the purpose of ascertaining a level of confidence in setting a contingency.

4.10 The model output gives a contingency value of £16.9 million at industry standard level (P80). This includes values for unknown events/risks (£3.6 million) and the cost of delay (£4.3 million). See table at Appendix C.

4.11 Examples of the events and risks included in this model are unchartered services, delays in securing consents (e.g. Network Rail and Transport Scotland approvals), inflation, health and safety incidents, construction defects, delays/insufficient resourcing by utility companies (e.g. Scottish Water), adverse weather, major works interfaces and delays to design approvals.

4.12 The Project Risk Register is reviewed on a monthly basis, and it is the intention to re-evaluate the QRA on a quarterly basis moving forward.

5. RISK ANALYSIS

- 5.1 The following analysis outlines the potential risks of not making an additional provision of up to £32.5 million is made in the capital budget to provide cover for the worse case scenario, resulting in the CTLR not proceeding.

Strategic

- 5.2 The strategic rationale for the project remains unchanged both in respect of enabling the delivery of LDP2 in respect of enabling housing and employment land; and mitigating long term road traffic congestion and poor air quality in Perth City Centre.

Legal

- 5.3 The main risks at this stage of the project should the Council choose not to proceed will primarily relate to a) the expenditure incurred to date and breaching the Council's statutory duty to secure best value; and b) the risk of legal actions.
- 5.4 An additional risk if the scheme does not go ahead is that the Council now owns land it would not need, costing some £5.570 million (including disturbance etc).
- 5.5 The strategic housing land allocations set out in LDP2, as adopted by the Council, cannot be delivered without the CTLR. During the examination leading to the adoption of LDP2 assurance required to be given to the reporter appointed by the Scottish Ministers that the Council was committed to funding the CTLR. The non-delivery of the proposal would impact on existing land deals and investment decisions. Some of these will have been made in the expectation the Council would deliver the infrastructure to which it had committed in LDP2, with the potential for claims to be raised against the Council.

Finance

- 5.6 Up to 31 March 2022 expenditure is £16.8million and the totally legally committed expenditure to 30 June 2022 totals £23.5 million.
- 5.7 There would be a loss of £40 million grant from the Scottish Government if project stopped. £5 million of this has been received by the Council and would therefore need to be returned.
- 5.8 A proportion of CTLR expenditure is also being used as match funding for the Sustrans cycle network project (the bridge will have a cycle lane).
- 5.9 Inflation has been estimated in BAM's End Defined Cost although this can only remain a forecast until realised.

- 5.10 There will be expenditure associated with reinstating the land which has now been significantly impacted by the advance works and earthworks. This would also include the replacement of woodland. The cost of this work is difficult to estimate but the works would be extensive and likely to be several £ millions.

Reputational

- 5.11 The risks are magnified in terms of stopping the project given the expenditure to date and the construction works already undertaken, particularly the bulk earthworks and tree removal.
- 5.12 The reputational risk of continuing with a more expensive scheme is mitigated in the sense that the inflationary pressure is not unique to the CTLR as it is now a widely recognised factor across the construction industry and beyond.
- 5.13 The reputational risk of adopting a local development plan, for the 10 year period to 2029, with a council commitment to delivering the CTLR as key infrastructure for the delivery of required allocations of housing and employment land based, but failing to deliver this infrastructure, is significant.

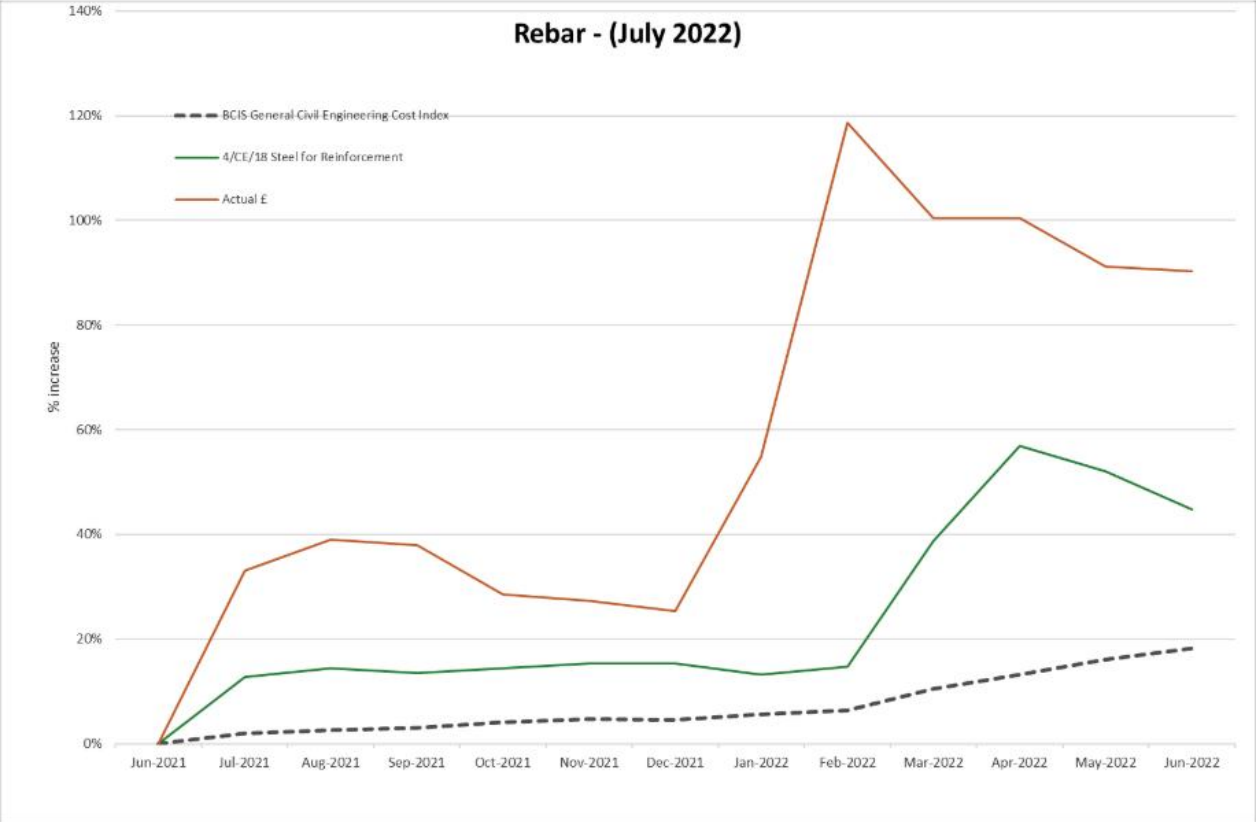
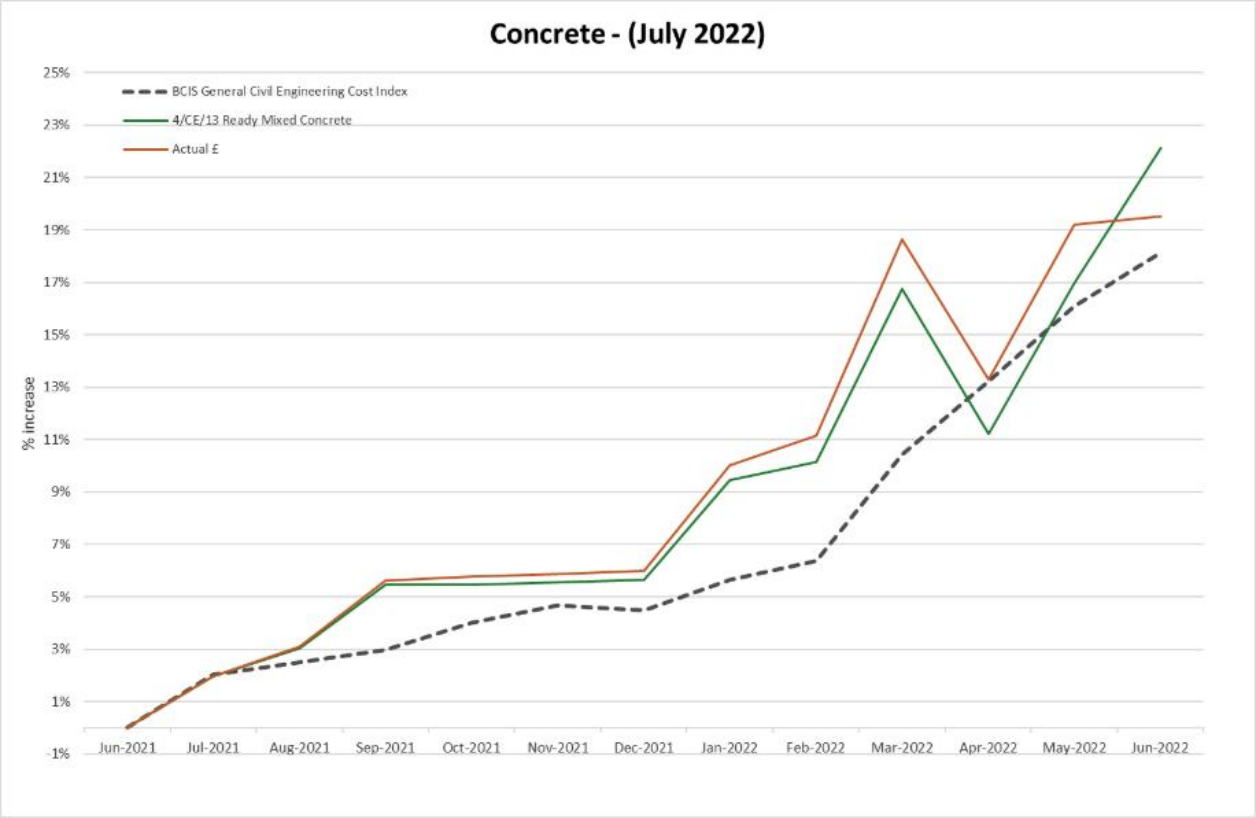
6. CONCLUSIONS

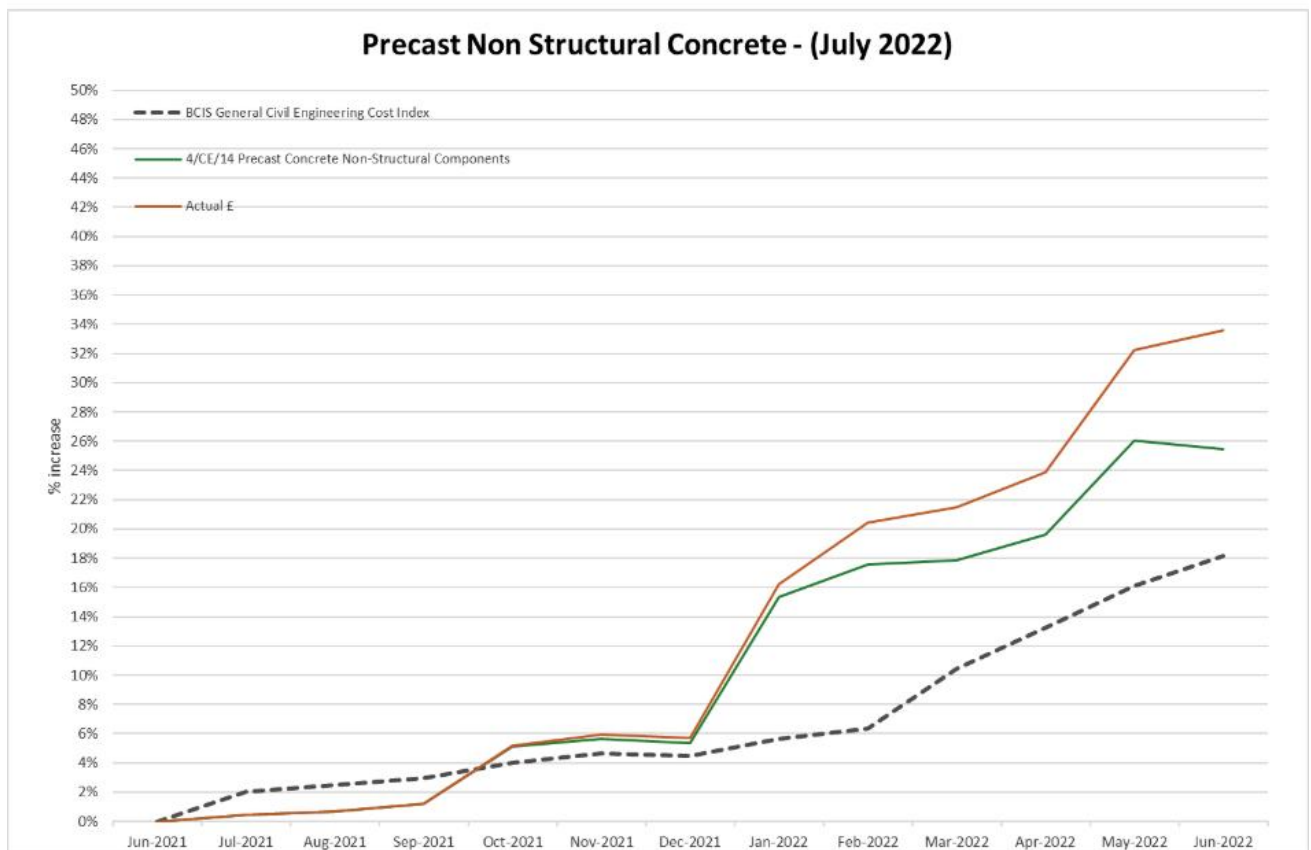
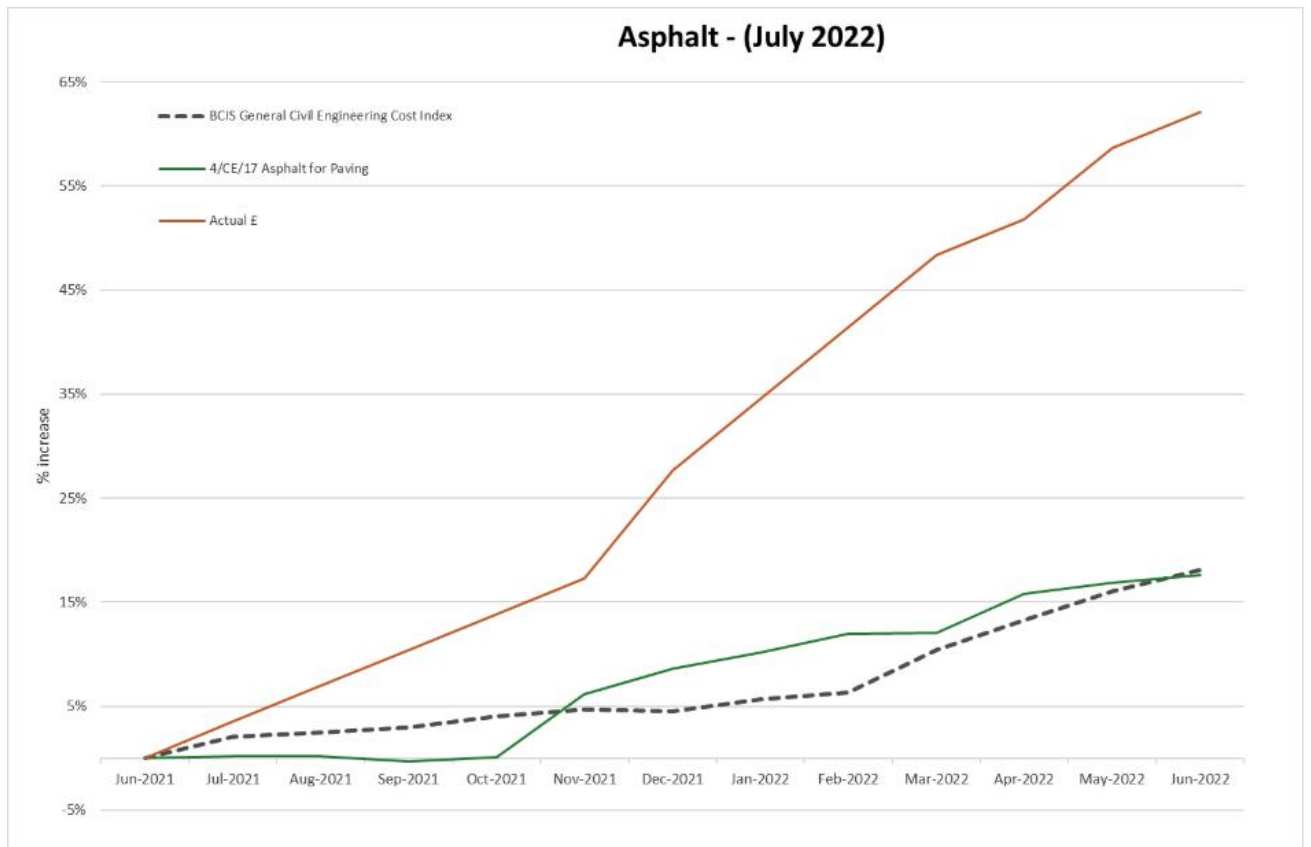
- 6.1 Expenditure to date on the project is £16.8million with a legally committed total of £23.5 million.
- 6.2 The current project costs as detailed in the table at Appendix A show that up to an additional £32.5 million may be required to complete the project. The reasons for the increased costs are outlined in this report. Primarily these are due to the steep increase in inflation, changes in law and the inclusion of Quantitative Risk Analysis contingency of £16.9 million. This QRA takes cognisance of the contract type and potential costs associated with all known risks.
- 6.3 In order to proceed to Stage Two it is recommended that an additional provision of up to £32.5 million is made in the capital budget to provide cover for the worst case scenario.
- 6.4 The contract for Stage Two is due to commence imminently and is needed to enable the bridge pier cofferdam and major piling works to take place in and adjacent to the River Tay. These are critical to the programme given the seasonal constraints placed upon river works. It should also be noted that the inflationary cost increase has no impact on BAM's fee (and therefore profit) which was fixed in their tender.
- 6.5 In line with current governance arrangements further cost updates will be reported regularly to the Finance and Resources Committee.

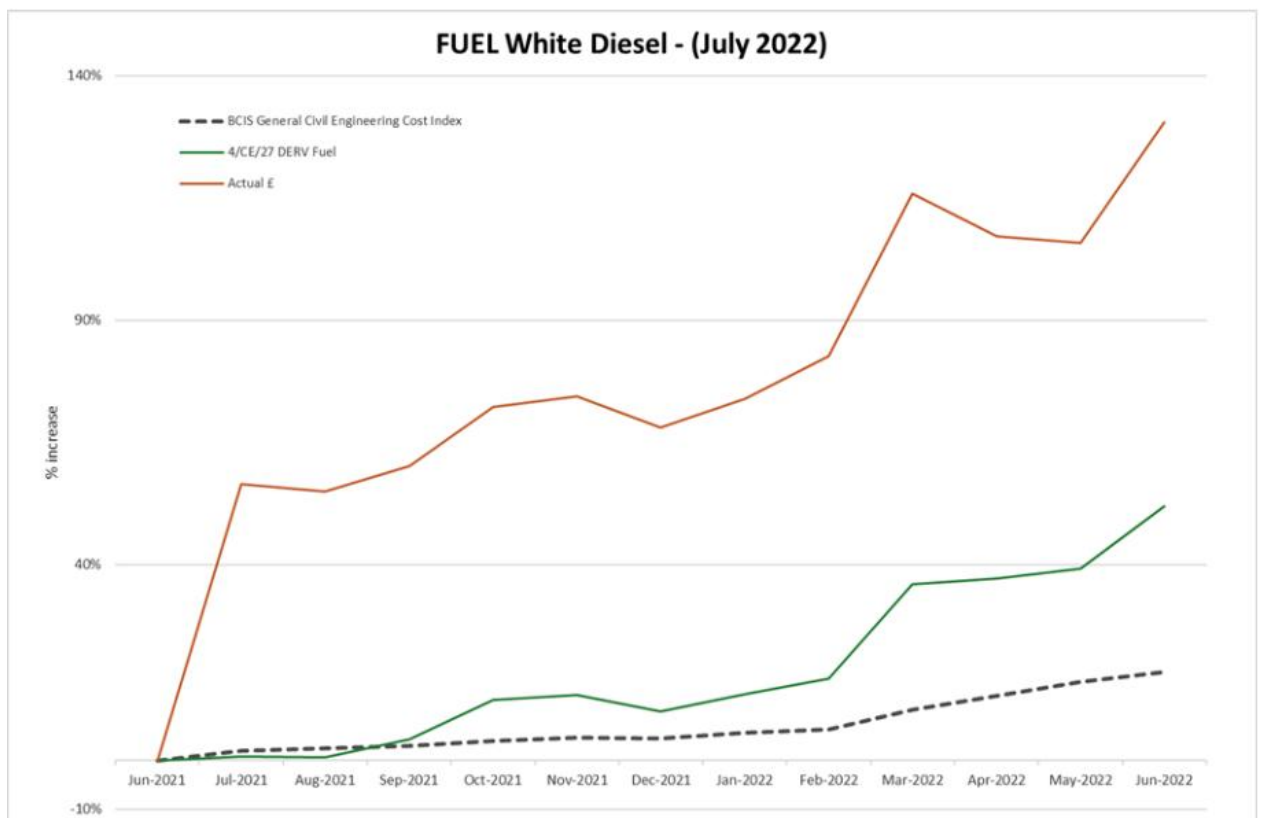
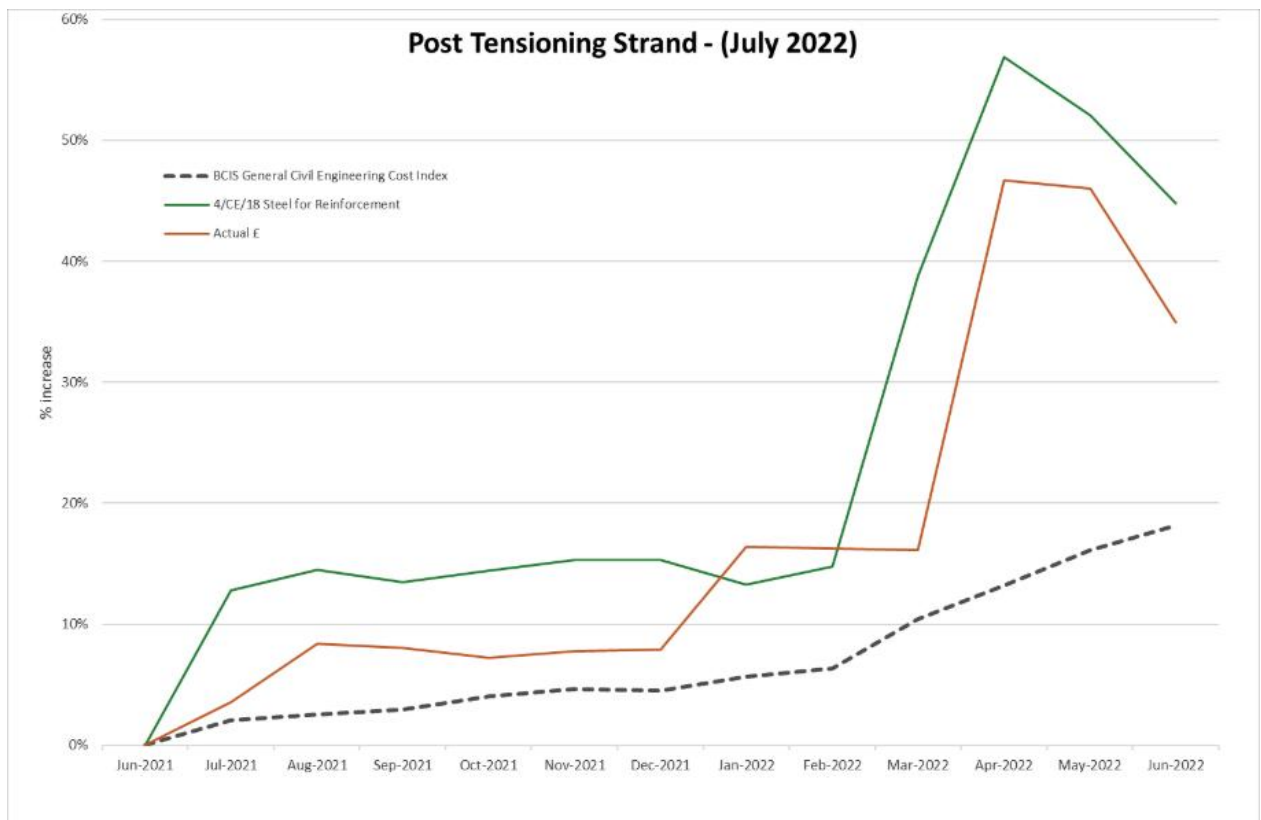
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|-----------------------------|--|
| Report by: | Jillian Ferguson, Roads Infrastructure Manager |
| Date: | 31 August 2022 |
| Subject: | Cross Tay Link Road – Revised Costing Analysis |
| Responsible Officer: | David Littlejohn, Head of Planning and Development |

APPENDIX A

| CTLR - REVISED COSTING ANALYSIS | | | | | | Comments |
|--|----------------|---------------|----------------|----------------|---------------|--|
| | Overall | Previous | Revised | Total | Variance | |
| | Budget | Years | Estimates | Revised | to | |
| | SP&R 4 | Expenditure | From | Estimate | Budget | |
| | Apr-22 | to 31.03.22 | 2022/23 | July 22 | July 22 | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | |
| BAM Nuttall Contract | 94,512 | 4,814 | 106,877 | 111,691 | 17,179 | Min £108,862,000 - Expected £109,822,000 - Max £111,691,000. Cost also includes the 5 year landscape management and maintenance contract |
| Land and Compensation | 5,570 | 5,520 | 50 | 5,570 | 0 | |
| Professional Fees | 6,797 | 3,873 | 2,696 | 6,569 | -228 | |
| Licences and Public Utilities | 3,622 | 29 | 3,960 | 3,989 | 367 | Includes a £500k contingency |
| Quantative Risk Assessment | 2,399 | 0 | 16,900 | 16,900 | 14,501 | 80% likelihood figure (Turner Townsend) |
| CAR Insurance | 2,000 | 0 | 2,217 | 2,217 | 217 | Instructed quotation currently being reviewed |
| Built Intelligence System (Fast Draft) | 0 | 0 | 33 | 33 | 33 | Stages One & Two |
| Consultant, Surveys and Investigations | 1,890 | 1,845 | 45 | 1,890 | 0 | |
| Engineering Administration | 1,210 | 716 | 894 | 1,610 | 400 | |
| TOTAL CTLR BUDGET | 118,000 | 16,797 | 133,672 | 150,469 | 32,469 | |







APPENDIX C



Cross Tay Link Road QRA Model
July 2022

| | Mean | P50 | P60 | P80 | P90 | P95 |
|------------------------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Risk Register: Discrete Costs | £ 5,768,000.00 | £ 5,393,000 | £ 6,430,000 | £ 8,992,000 | £ 10,606,000 | £ 11,848,000 |
| Estimating Uncertainty | £ 250,000.00 | £ 242,000 | £ 275,000 | £ 356,000 | £ 418,000 | £ 471,000 |
| Cost of Schedule Delay | £ 4,113,000.00 | £ 4,106,000 | £ 4,174,000 | £ 4,344,000 | £ 4,465,000 | £ 4,548,000 |
| Risk Assessments OUTPUT TOTAL | | | | | | |
| QRA (Excl Unknown Unknowns) | £10,130,000.00 | £ 9,750,000 | £ 10,819,000 | £ 13,350,000 | £ 14,962,000 | £ 16,244,000 |
| | | | | | | |
| Unknown Unknowns | £ 3,569,000.00 | £3,569,000.00 | £3,569,000.00 | £3,569,000.00 | £3,569,000.00 | £3,569,000.00 |
| Overall Total | £13,699,000.00 | £ 13,319,000 | £ 14,388,000 | £ 16,919,000 | £ 18,531,000 | £ 19,813,000 |

PERTH AND KINROSS COUNCIL
HRA CAPITAL INVESTMENT PROGRAMME
SUMMARY OF CAPITAL RESOURCES AND EXPENDITURE 2022/23 to 2026/27

| | Approved Budget 20-Apr-22 2021/22 £'000 | Actuals to 31-Mar-22 2021/22 £'000 | Proposed Carry Forward to 2022/23 £'000 | Approved Budget 20-Apr-22 2022/23 £'000 | Proposed Brought Forward from 2021/22 (£'000) | Proposed Budget Adjustment Report 1 2022/23 £'000 | Revised Budget Report 1 2022/23 £'000 | Actual to 31-Jul-22 2022/23 £'000 | Projected Outturn Report 1 2022/23 £'000 | Approved Budget 20-Apr-22 2023/24 £'000 | Proposed Budget Adjustment Report 1 2023/24 £'000 | Revised Budget Report 1 2023/24 £'000 | Approved Budget 20-Apr-22 2024/25 £'000 | Proposed Budget Adjustment Report 1 2024/25 £'000 | Revised Budget Report 1 2024/25 £'000 | Approved Budget 20-Apr-22 2025/26 £'000 | Proposed Budget Adjustment Report 1 2025/26 £'000 | Revised Budget Report 1 2025/26 £'000 |
|--|--|---|--|--|--|--|--|--|---|--|--|--|--|--|--|--|--|--|
| Council House New Build Programme | | | | | | | | | | | | | | | | | | |
| Glebe, Scone - 65 Units | 915 | 804 | 111 | 0 | 111 | (90) | 21 | | 21 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Council Tax (Second Income) | 0 | | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Scottish Government Subsidy | 0 | | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| | 915 | 804 | 111 | 0 | 111 | (90) | 21 | 0 | 21 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Milne Street, Perth - 8 Units | 179 | 176 | 3 | 0 | 3 | | 3 | | 3 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Council Tax (Second Income) | 0 | | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Third Party Contribution (Commutated Sums) | 0 | | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Scottish Government Subsidy | 0 | | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| | 179 | 176 | 3 | 0 | 3 | 0 | 3 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ardler Road, Meigle - 8 Units | 4 | 4 | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Council Tax (Second Income) | 0 | | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Scottish Government Subsidy | 0 | | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| | 4 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Huntingtower, Perth - 70 Units | 650 | 648 | 2 | 0 | 2 | | 2 | | 2 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Council Tax (Second Income) | 0 | | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Scottish Government Subsidy | 0 | | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| | 650 | 648 | 2 | 0 | 2 | 0 | 2 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fairfield, Perth | 360 | 383 | (23) | 2,676 | (23) | | 2,653 | 564 | 2,653 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Council Tax (Second Income) | 0 | | 0 | (360) | 0 | | (360) | | (360) | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Scottish Government Subsidy | (360) | (364) | 4 | (656) | 4 | | (652) | (373) | (652) | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| | 0 | 19 | (19) | 1,660 | (19) | 0 | 1,641 | 191 | 1,641 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Blackthorne Place, Blairgowrie | 0 | (14) | 14 | 0 | 14 | (14) | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Council Tax (Second Income) | 0 | | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Scottish Government Subsidy | 0 | | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| | 0 | (14) | 14 | 0 | 14 | (14) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lynedoch Road, Methven | 2 | 560 | (558) | 0 | (558) | 2,920 | 2,362 | 673 | 2,362 | 0 | 1,039 | 1,039 | 0 | | 0 | 0 | | 0 |
| Council Tax (Second Income) | 0 | | 0 | 0 | 0 | (480) | (480) | | (480) | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Scottish Government Subsidy | 0 | (569) | 569 | 0 | 569 | (1,643) | (1,074) | (672) | (1,074) | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| | 2 | (9) | 11 | 0 | 11 | 797 | 808 | 1 | 808 | 0 | 1,039 | 1,039 | 0 | 0 | 0 | 0 | 0 | 0 |
| Newburgh Road, Abernethy | 1,195 | 2,169 | (974) | 188 | (974) | 1,200 | 414 | 226 | 414 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Council Tax (Second Income) | (200) | (200) | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Scottish Government Subsidy | (401) | (893) | 492 | 0 | 492 | (492) | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Capital Receipts | 0 | 0 | 0 | 0 | 0 | (708) | (708) | (3) | (708) | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| | 594 | 1,076 | (482) | 188 | (482) | 0 | (294) | 223 | (294) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Future Developments | 0 | 28 | (28) | 5,525 | (28) | (1,746) | 3,751 | | 3,751 | 4,894 | | 4,894 | 5,128 | | 5,128 | 6,014 | | 6,014 |
| Council Tax (Second Income) | 0 | | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Scottish Government Subsidy | 0 | | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| | 0 | 28 | (28) | 5,525 | (28) | (1,746) | 3,751 | 0 | 3,751 | 4,894 | 0 | 4,894 | 5,128 | 0 | 5,128 | 6,014 | 0 | 6,014 |
| Total Council House New Build | 2,344 | 2,732 | (388) | 7,373 | (388) | (1,053) | 5,932 | 415 | 5,932 | 4,894 | 1,039 | 5,933 | 5,128 | 0 | 5,128 | 6,014 | 0 | 6,014 |
| Increase in Council House Stock | | | | | | | | | | | | | | | | | | |
| Council House Buy-Backs | 3,435 | 3,989 | (554) | 2,802 | (554) | 1,050 | 3,298 | 1,365 | 3,298 | 3,000 | 1,050 | 4,050 | 3,000 | | 3,000 | 3,000 | | 3,000 |
| Scottish Government Subsidy | (1,120) | (1,120) | 0 | 0 | 0 | (1,050) | (1,050) | | (1,050) | 0 | (1,050) | (1,050) | 0 | | 0 | 0 | | 0 |
| | 2,315 | 2,869 | (554) | 2,802 | (554) | 0 | 2,248 | 1,365 | 2,248 | 3,000 | 0 | 3,000 | 3,000 | 0 | 3,000 | 3,000 | 0 | 3,000 |
| Lock-ups and Garage Sites | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 50 | | 50 | 0 | | 0 |

| | Approved Budget 20-Apr-22 2021/22 £'000 | Actuals to 31-Mar-22 2021/22 £'000 | Proposed Carry Forward to 2022/23 £'000 | Approved Budget 20-Apr-22 2022/23 £'000 | Proposed Brought Forward from 2021/22 (£'000) | Proposed Budget Adjustment Report 1 2022/23 £'000 | Revised Budget Report 1 2022/23 £'000 | Actual to 31-Jul-22 2022/23 £'000 | Projected Outturn Report 1 2022/23 £'000 | Approved Budget 20-Apr-22 2023/24 £'000 | Proposed Budget Adjustment Report 1 2023/24 £'000 | Revised Budget Report 1 2023/24 £'000 | Approved Budget 20-Apr-22 2024/25 £'000 | Proposed Budget Adjustment Report 1 2024/25 £'000 | Revised Budget Report 1 2024/25 £'000 | Approved Budget 20-Apr-22 2025/26 £'000 | Proposed Budget Adjustment Report 1 2025/26 £'000 | Revised Budget Report 1 2025/26 £'000 |
|---|---|--|--|---|--|--|---|---|--|---|--|---|---|--|---|---|--|---|
| Standard Delivery Plan | | | | | | | | | | | | | | | | | | |
| Central Heating and Rewiring Works - less Third Party Contribution | 1,240 (435) | 1,216 (337) | 24 (98) | 0 0 | 24 (98) | 840 98 | 864 0 | 176 | 864 0 | 0 0 | | 0 0 | 0 0 | | 0 0 | 0 0 | | 0 0 |
| Rewiring, Infrastructure & Property Refurbishment | 107 | 166 | (59) | 1,000 | (59) | | 941 | 50 | 941 | 1,000 | | 1,000 | 1,686 | | 1,686 | 0 | | 0 |
| Triple Glazing | 268 | 277 | (9) | 0 | (9) | 60 | 51 | 22 | 51 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Controlled Door Entry - less Third Party Contribution | 37 0 | 12 2 | 25 (2) | 10 0 | 25 (2) | | 35 (2) | 15 | 35 (2) | 0 0 | | 0 0 | 30 0 | | 30 0 | 0 0 | | 0 0 |
| Kitchen Modernisation Programme | 270 | 112 | 158 | 632 | 158 | | 790 | | 790 | 1,332 | | 1,332 | 1,504 | | 1,504 | 625 | | 625 |
| Bathroom Modernisation Programme | 617 | 672 | (55) | 600 | (55) | | 545 | 297 | 545 | 565 | | 565 | 0 | | 0 | 0 | | 0 |
| External Fabric - less Third Party Contribution | 1,156 0 | 1,326 (12) | (170) 12 | 1,858 0 | (170) 12 | 12 (12) | 1,700 0 | 582 | 1,700 0 | 1,098 0 | | 1,098 0 | 528 0 | | 528 0 | 625 0 | | 625 0 |
| Energy Efficiency | 535 | 287 | 248 | 83 | 248 | | 331 | 8 | 331 | 0 | | 0 | 875 | | 875 | 625 | | 625 |
| Multi Storey Flats | 331 | 41 | 290 | 2,000 | 290 | | 2,290 | 5 | 2,290 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Environmental Improvements | 23 | 25 | (2) | 604 | (2) | | 602 | 1 | 602 | 333 | | 333 | 0 | | 0 | 0 | | 0 |
| Fire Precaution Measures | 1,733 | 1,659 | 74 | 0 | 74 | 250 | 324 | 154 | 324 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Sound Insulation | 5 | 6 | (1) | 141 | (1) | | 140 | | 140 | 162 | | 162 | 100 | | 100 | 42 | | 42 |
| Structural | 0 | 0 | 0 | 438 | 0 | (418) | 20 | | 20 | 458 | | 458 | 250 | | 250 | 104 | 418 | 522 |
| SHQS Future Developments | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 8,960 | (1,459) | 7,501 |
| Total Standard Delivery Plan | 5,887 | 5,452 | 435 | 7,366 | 435 | 830 | 8,631 | 1,310 | 8,631 | 4,948 | 0 | 4,948 | 4,973 | 0 | 4,973 | 10,981 | (1,041) | 9,940 |
| Other Investment in Council House Stock | | | | | | | | | | | | | | | | | | |
| Total Major Adaptations to Council House Stock | 62 | 58 | 4 | 0 | 4 | | 4 | | 4 | 0 | | 0 | 100 | | 100 | 0 | | 0 |
| Balmoral Road, Rattray, Refurbishment (3 Units) | 275 | 2 | 273 | 0 | 273 | | 273 | | 273 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Anchor House, Rannoch Road, Perth - Conversion (5 Units) | 123 | 14 | 109 | 0 | 109 | | 109 | | 109 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| 149-151 Dunkeld Road, Perth - Government Grant | 588 (14) | 563 (14) | 25 0 | 0 0 | 25 0 | | 25 0 | 1 | 25 0 | 0 0 | | 0 0 | 0 0 | | 0 0 | 0 0 | | 0 0 |
| 111 Rannoch Road, Perth (Former Driving Test Centre) | 0 | 9 | (9) | 0 | (9) | 211 | 202 | 87 | 202 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| St.Catherine's Square Redevelopment | 0 | 0 | 0 | 0 | 0 | | 0 | | 0 | 2,991 | | 2,991 | 402 | | 402 | 0 | | 0 |
| Shops & Offices | 139 | 17 | 122 | 70 | 122 | | 192 | | 192 | 50 | | 50 | 50 | | 50 | 0 | | 0 |
| Greyfriars and Satellite Sites | 0 | 0 | 0 | 34 | 0 | | 34 | | 34 | 0 | | 0 | 50 | | 50 | 0 | | 0 |
| Sheltered Housing | 80 | 80 | 0 | 0 | 0 | 4 | 4 | 4 | 4 | 0 | | 0 | 18 | (4) | 14 | 0 | | 0 |
| General Capital Works | 37 | 20 | 17 | 0 | 17 | 14 | 31 | 4 | 31 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| Upgrade and Replacements to Lifts Programme | 0 | 0 | 0 | 143 | 0 | | 143 | | 143 | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| ICT Expenditure | 182 | 54 | 128 | 50 | 128 | | 178 | | 178 | 50 | | 50 | 50 | | 50 | 0 | | 0 |
| Mortgage to Rent | 0 | 0 | 0 | 125 | 0 | | 125 | | 125 | 50 | | 50 | 50 | | 50 | 0 | | 0 |
| Total Other Investment in Council House Stock | 1,472 | 803 | 669 | 422 | 669 | 229 | 1,320 | 96 | 1,320 | 3,141 | 0 | 3,141 | 720 | (4) | 716 | 0 | 0 | 0 |
| Total Net Expenditure | 12,018 | 11,856 | 162 | 17,963 | 162 | 6 | 18,131 | 3,186 | 18,131 | 15,983 | 1,039 | 17,022 | 13,871 | (4) | 13,867 | 19,995 | (1,041) | 18,954 |
| Income | | | | | | | | | | | | | | | | | | |
| CAPITAL RECEIPTS | (112) | (181) | 69 | 0 | 69 | (73) | (4) | (4) | (4) | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| CFCR | (2,147) | (2,147) | 0 | (2,614) | 0 | 156 | (2,458) | | (2,458) | (2,645) | | (2,645) | (3,329) | | (3,329) | (3,960) | | (3,960) |
| TOTAL BORROWING REQUIREMENT | 9,759 | 9,528 | 231 | 15,349 | 231 | 89 | 15,669 | 3,182 | 15,669 | 13,338 | 1,039 | 14,377 | 10,542 | (4) | 10,538 | 16,035 | (1,041) | 14,994 |

| Approved Budget 20-Apr-22 2026/27 £'000 | Proposed Budget Adjustment Report 1 2026/27 £'000 | Revised Budget Report 1 2026/27 £'000 | Revised Budget Report 1 TOTAL £'000 |
|---|--|---|---|
| 0 | | 0 | 21 |
| 0 | | 0 | 0 |
| 0 | | 0 | 0 |
| 0 | 0 | 0 | 21 |
| 0 | | 0 | 3 |
| 0 | | 0 | 0 |
| 0 | | 0 | 0 |
| 0 | | 0 | 0 |
| 0 | 0 | 0 | 3 |
| 0 | | 0 | 0 |
| 0 | | 0 | 0 |
| 0 | | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | | 0 | 2 |
| 0 | | 0 | 0 |
| 0 | | 0 | 0 |
| 0 | 0 | 0 | 2 |
| 0 | | 0 | 2,653 |
| 0 | | 0 | (360) |
| 0 | | 0 | (652) |
| 0 | 0 | 0 | 1,641 |
| 0 | | 0 | 0 |
| 0 | | 0 | 0 |
| 0 | | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | | 0 | 3,401 |
| 0 | | 0 | (480) |
| 0 | | 0 | (1,074) |
| 0 | 0 | 0 | 1,847 |
| 0 | | 0 | 414 |
| 0 | | 0 | 0 |
| 0 | | 0 | 0 |
| 0 | | 0 | (708) |
| 0 | 0 | 0 | (294) |
| 3,014 | | 3,014 | 22,801 |
| 0 | | 0 | 0 |
| 0 | | 0 | 0 |
| 3,014 | 0 | 3,014 | 22,801 |
| 3,014 | 0 | 3,014 | 26,021 |
| 3,000 | | 3,000 | 16,348 |
| 0 | | 0 | (2,100) |
| 3,000 | 0 | 3,000 | 14,248 |
| 0 | | 0 | 50 |

| Approved Budget 20-Apr-22 2026/27 £'000 | Proposed Budget Adjustment Report 1 2026/27 £'000 | Revised Budget Report 1 2026/27 £'000 | Revised Budget Report 1 TOTAL £'000 |
|---|--|---|---|
| 0 | | 0 | 864 |
| 0 | | 0 | 0 |
| 0 | | 0 | 3,627 |
| 0 | | 0 | 51 |
| 0 | | 0 | 65 |
| 0 | | 0 | (2) |
| 0 | | 0 | 4,251 |
| 0 | | 0 | 1,110 |
| 0 | | 0 | 3,951 |
| 0 | | 0 | 0 |
| 0 | | 0 | 1,831 |
| 0 | | 0 | 2,290 |
| 0 | | 0 | 935 |
| 0 | | 0 | 324 |
| 0 | | 0 | 444 |
| 0 | | 0 | 1,250 |
| 10,030 | | 10,030 | 17,531 |
| 10,030 | 0 | 10,030 | 38,522 |
| 0 | | 0 | 104 |
| 0 | | 0 | 273 |
| 0 | | 0 | 109 |
| 0 | | 0 | 25 |
| 0 | | 0 | 0 |
| 0 | | 0 | 202 |
| 0 | | 0 | 3,393 |
| 0 | | 0 | 292 |
| 0 | | 0 | 84 |
| 0 | | 0 | 18 |
| 0 | | 0 | 31 |
| 0 | | 0 | 143 |
| 0 | | 0 | 278 |
| 0 | | 0 | 225 |
| 0 | 0 | 0 | 5,177 |
| 16,044 | 0 | 16,044 | 84,018 |
| 0 | | 0 | (4) |
| (4,279) | | (4,279) | (16,671) |
| 11,765 | 0 | 11,765 | 67,343 |

PERTH AND KINROSS COUNCIL

Finance & Resources Committee

7 September 2022

TREASURY ACTIVITY AND COMPLIANCE REPORT 2022/23 QUARTER 1

**Report by Head of Finance
(Report No. 22/210)**

1. PURPOSE

- 1.1 The purpose of this report is to update the Committee on Treasury Activity for the quarter ending 30 June 2022 and to report on compliance with the Council's Treasury Management Policy Statement (TMPS); Investment Strategy and Prudential Indicators. The report also sets out proposed amendments to the Temporary Loans policy and Empty Homes Loans Fund policy.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Committee:
- (i) notes the content of this report,
 - (ii) approves the amendment to the Temporary Loans Policy, detailed at Section 8 of this report,
 - (iii) approves the amendment to the Empty Homes Loans Fund policy, detailed at Section 9 of this report.

3. ECONOMIC BACKGROUND

- 3.1 The Bank of England's Monetary Policy Committee (MPC) increased the UK Bank Base Rate over the quarter from 0.75% to 1% at its meeting on 5 May 2022, and then from 1% to 1.25% at its meeting on 16 June 2022. The increases in the Bank Base Rate were mainly in response to continuing rising inflation, as increased energy and food costs, as well as the economic impact of the conflict in Ukraine continued. UK Gross Domestic Product (GDP) increased by 0.8% over the quarter to March 2022, however the rate of growth has slowed in recent months.
- 3.2 Subsequently, at its meeting on 4 August 2022, the MPC increased the Bank Base Rate further by 0.5% to 1.75%. This was as a result of an increase in inflation expectations, which has been rising faster than previously forecast, and was now expected to reach 13% by the end of the year. The MPC also projected the UK would enter recession by the end of the year and for inflation to remain at elevated levels over most of next year. They also advised that future changes in the Bank Base Rate would reflect the prevailing economic outlook and inflation data and pressures. Many economic forecasts are now

projecting the Bank Base Rate to increase to around 4% by the end of next year.

- 3.3 Internationally, Europe and the US also showed a continued rise in inflation due to similar factors affecting the UK.
- 3.4 The Public Works Loan Board's (PWLB) certainty fixed interest rates for the quarter, which are based on yields on UK gilts, are shown in the graph in Appendix I. PWLB borrowing rates showed significant volatility over the quarter due to the conflict in Ukraine and inflationary pressures. In addition, the impact of the base rate increases and increasing inflationary expectations increased rates over the quarter in all durations.

4. TREASURY ACTIVITY

- 4.1 A summary of the Council's treasury position and transactions is shown in Appendix II. The main activities are detailed below.
- 4.2 During the quarter there was no new long-term PWLB borrowing undertaken, whilst there was the repayment of one maturing PWLB fixed-rate loan of £5 million at 2.97% which had been borrowed for 10 years.
- 4.3 Over the quarter the Council's total long-term debt decreased from £611.3 million at an average interest rate of 2.57% to £606.3 million at an average interest rate of 2.56%. There was one short-term loan borrowed in the quarter to manage daily cashflows over the end of the quarter, for £8 million at 1.10% for 3 weeks.
- 4.4 Common Good and Charitable Fund balances held on fixed deposit within the Loans Fund remained at £2.169 million, with the average interest rate paid remaining at 1.05%. Funds held from associated bodies and organisations increased from £2.983 million to £3.767 million over the quarter, in line with their own cash flow requirements, whilst the average rate paid on these funds decreased from 0.20 to 0.18% in accordance with the approved Temporary Loan policy.
- 4.5 Short term cashflow surpluses are invested in a mixture of fixed term deposits, instant access accounts, notice accounts and money market funds. All investments were made in accordance with the approved Investment Strategy and permitted Investments.

Fixed Term Deposits

- 4.6 Cashflow surpluses which arise during the year and which are not immediately required are generally invested in fixed term deposits for periods of up to 12 months, or up to 3 years where forecast cashflow requirements allow.
- 4.7 There were 12 fixed rate deposits made in the quarter (totalling £62.5 million) for an average amount of £5.2million each and at an average interest rate of 1.98% for an average term of 272 days. Fixed deposit activity in the current quarter was therefore lower than the previous quarter to 31 March (£117

million). With interest rate increases anticipated, deposits were initially made in shorter durations with a view to re-investing some funds as rates increase. Interest rates increased over the quarter in line with the Bank Base Rate and with expectations of further increased over the next few months. Subsequently, with the increase in interest rates, longer duration deposits were undertaken for up to 12 months. Deposits in the quarter will generate almost £1 million in interest at their maturity.

Investments for Daily Cashflow Requirements

- 4.8 Cashflow surpluses which are required for more immediate needs are invested in the Council's instant access, notice deposit accounts and money market funds. These investment transactions in the quarter can be summarised as follows:
- The daily average amount of such funds over the quarter increased from £5.7million in the last quarter to £6.37 million in the current quarter.
 - The average interest rate achieved on these accounts over the quarter increased from 0.27% to 0.79% reflecting the increase in base rate.
 - Due to their relatively low rates, the only activity in notice accounts related to existing balances where notice had previously been given, to be re-invested in alternative investments.
 - Instant access facilities were used over the quarter to meet day-to-day cashflow requirements. However, the interest rate on such facilities remains low at 0.10%.
 - Interest generated on these investments over the quarter amounted to almost £58,000
- 4.9 The total amount of investments outstanding at 30 June 2022 was £246.8 million compared to £252 million at the end of the previous quarter in March 2022. The overall average rate of interest on the investments outstanding increased from 0.88% at the end of the previous quarter to 1.30% at the end of the current quarter. This increase reflects the increases in base rates over the quarter.
- 4.10 Total investment income generated on the investments undertaken during the quarter is £1,057,115 (£1,105,813 in the quarter ended 31 March 2022). This measure reflects the total return on the investment activity undertaken in each quarter and is only slightly lower in the current quarter compared to last quarter despite the reduced activity, due to the increased interest rates.
- 4.11 All of the above investment activities are consistent with the Council's current investment strategy and cashflow requirements.

5. COMPLIANCE

- 5.1 For the quarter ending 30 June 2022, there were no breaches in compliance with the Council's approved Treasury Management Policy Statement, Treasury Management Practices (TMP's) or lending limits as detailed in TMP 4 (Approved Instruments, Methods & Techniques).

- 5.2 Appendix III shows the list of approved counterparties, based on the Council's current lending policy, as at July 2022.
- 5.3 For the quarter ending 30 June 2022 the average closing cleared bank balance was £35,000 in credit. This reflects the daily target balance applied by the Council's "sweep facility" applied by the bank, with any credit balance in excess of £35,000 being "swept up" overnight to the Council's instant access account.

6. INVESTMENT STRATEGY COMPLIANCE AND PERFORMANCE

- 6.1 The Treasury Investment Strategy for 2022/23 was approved by the Council at its meeting on 9 March 2022 (report 22/47 refers).
- 6.2 In the current quarter the level of Council investments peaked at £269.204 million on 13 April 2022 and reduced to £246.774 million by the end of the quarter. The average daily investment balance over the quarter was £256.348 million, which decreased from an average of £262.917 million in the previous quarter and increased from £228.988 million in the same quarter of last year.
- 6.3 Due to the Council taking long-term borrowing of £90 million in November and December last year the investment balances in the current year are higher. However, this is gradually reducing (subject to daily fluctuations) over the next few years as the Capital programme accelerates, and in line with forecast cashflows.
- 6.4 The Investment Strategy was applied in full over the quarter, with liquidity being maintained using instant access accounts and money market funds as detailed in paragraph 4.8 above. There were no other risks identified in the quarter.
- 6.5 The Investment Strategy also incorporates investments held by the Common Good Funds. All such investments during the quarter were with the Council's Loans Fund. The only Council funds held by external fund managers relate to Council administered Charitable Trusts and are, therefore, not covered by this Investment Strategy.
- 6.6 The budgeted income in 2022/23 for Commercial Property investments is £1,812,000 whilst the latest projection for the year is £1,861,000. There were no new property investments entered into during the quarter.

7. PRUDENTIAL INDICATORS

- 7.1 Revised Prudential Indicators for 2022/23 to 2027/28 were approved by the Council at the meeting on 9 March 2022 (report 22/47 refers) as part of the Annual Treasury & Investment Strategy report.
- 7.2 The latest estimates of the Prudential Indicators, in line with the Council's current approved Capital Budget and Capital Financing (borrowing) requirements, are shown in Appendix IV. These show that the Council adhered to all Prudential limits in the quarter, and that the Council's plans remain prudent, affordable and sustainable.

8. PROPOSED REVISED LOCAL TEMPORARY LOANS POLICY

8.1 The Council offers the facility for several associated bodies to deposit money with the Council which is managed as part of the overall Treasury activity. These deposits are referred to as “temporary loans” to the Council. At present, the Council holds funds on behalf of TACTRAN and Culture Perth & Kinross amongst others. The current policy for local Temporary Loans was devised around 20 years ago, when the Bank base rates averaged around 4 to 5% and is based on a formula of base rate less various percentage points depending on the size of the balance of the temporary loan. The policy was subsequently updated when the base rate fell to below 3% in December 2008 to accommodate lower levels of base rate in order to avoid negative interest rates.

8.2 The base rate has remained below these levels ever since, and even with the current increases in the base rate, they are not projected to rise to the levels experienced in the past. Therefore, it is considered that the current policy is no longer fit for purpose, particularly given the low level of rates produced with the current formula.

8.3 It is therefore proposed to amend the formula within the Temporary Loan policy as follows:

Loans of £1,000,000 or more: Rate – 0.5% below Bank Base Rate

Loans of £250,000 or more but less than £1,000,000: Rate – 0.75% below Bank Base Rate

Loans of £50,000 or more but less than £250,000: Rate – 1.0% below Bank Base Rate

Loans of less than £50,000: No new deposit can be accepted which is less than £50,000. Any existing deposit whose balance falls below £50,000 will receive interest at Bank Base Rate less 1.10%. For the avoidance of doubt, the rate offered will never be less than 0% should the Bank Base Rate fall to 1.10% or less.

8.4 Interest on temporary loans are paid half-yearly on 31 March and 30 September each year. It is therefore further proposed that the revised policy outlined above be introduced with effect from 1 October 2022.

8.5 For comparison, current and proposed local Temporary Loan rates are summarised in the table below:

| Balance | Current Rate | Proposed Rate |
|--------------------|--------------|---------------|
| | | |
| £1,000,000+ | 0.25% | 1.25% |
| £250,000 to £1M | 0.10% | 1.00% |
| 50,000 to £250,000 | 0.10% | 0.75% |
| less than £50,000 | 0.10% | 0.65% |

9. PROPOSED AMENDMENT TO THE EMPTY HOMES LOANS FUND POLICY

- 9.1 The policy and criteria for the Empty Homes Loan Fund was approved by the Council in October 2015 (report 15/413 refers), and subsequently amended in April 2017 (report 17/174 refers). The fund was established following the receipt of an interest free loan of £350,000 from the Scottish Government, with the purpose of being lent out as interest free loans to property owners in order that they can bring unoccupied properties back into use. The properties are then let as affordable homes at local housing allowance rent levels set by the Scottish Government. Under the existing policy, the loans are secured on the property in question; the maximum loan amount per property is £20,000 for an individual property, with larger projects considered on a case by case basis; owners are required to bring the property up to a Council approved lettable “repairing standard” and to then make the property available for letting or sale at affordable levels.
- 9.2 To date the scheme has proved successful, with 4 individual loans given out totalling £330,000, and providing an additional 14 properties to let in the Perth & Kinross area. A further application for funding has been received, as well as further expressions of interest in the scheme from the owners of other unoccupied properties. However, as there is only £20,000 of the original amount remaining in the Fund, the Council would only be able to offer limited support.
- 9.3 It is therefore proposed to operate the fund on a rolling basis, with repayments from existing loans being made available to be re-lent to subsequent applications. The balance outstanding on the current loans is £215,000, which would therefore mean that £135,000 would currently be available to lend under the scheme. The total repayments on the current loans are around £4,000 per month at present, and to date there have been no repayment defaults. It is not proposed to make any changes to the criteria for approving loans under the scheme, and therefore delegated authority for approving loans would remain with the Executive Director (Communities).

10. CONCLUSION AND RECOMMENDATIONS

- 10.1 The Bank of England’s MPC increased the Bank Base Rate from 0.75% to 1.25% over the quarter due to continued inflationary pressures. PWLB borrowing rates were volatile over the quarter due to the continued inflationary expectations and economic growth prospects. All borrowing durations increased in rate over the quarter. There was no new PWLB borrowing undertaken, whilst there was one loan repaid at maturity.
- 10.2 Investment activity in the quarter consisted of the use of instant access and money market funds to meet short term liquidity requirements, and use of fixed rate deposits as rates improved with the increases to Base rate. Investment activity and the total level of investments reduced over the quarter.

- 10.3 The Council adhered to its Investment Strategy and policies throughout the quarter, with no breaches in compliance. However, it is proposed to amend the policy for local Temporary Loans with the Council to fit with current levels of interest rates, and to extend the operation of the Empty Homes Loans Fund.
- 10.4 The Council's Prudential Indicators were also adhered to throughout the quarter, and the Council's plans remain prudent, affordable and sustainable.

Author(s)

| Name | Designation | Contact Details |
|---------------|-------------------|--|
| John Jennings | Senior Accountant | CHXFinance@pkc.gov.uk |

Approved

| Name | Designation | Date |
|-------------------|-------------------------|----------------|
| Stewart MacKenzie | Head of Finance | 24 August 2022 |
| Karen Donaldson | Chief Operating Officer | 24 August 2022 |

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All Council Services can offer a telephone translation facility.

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

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

- 4.1 The Chief Executive and the Council's Treasury advisors, Link Asset Services, have been consulted in the preparation of this report.

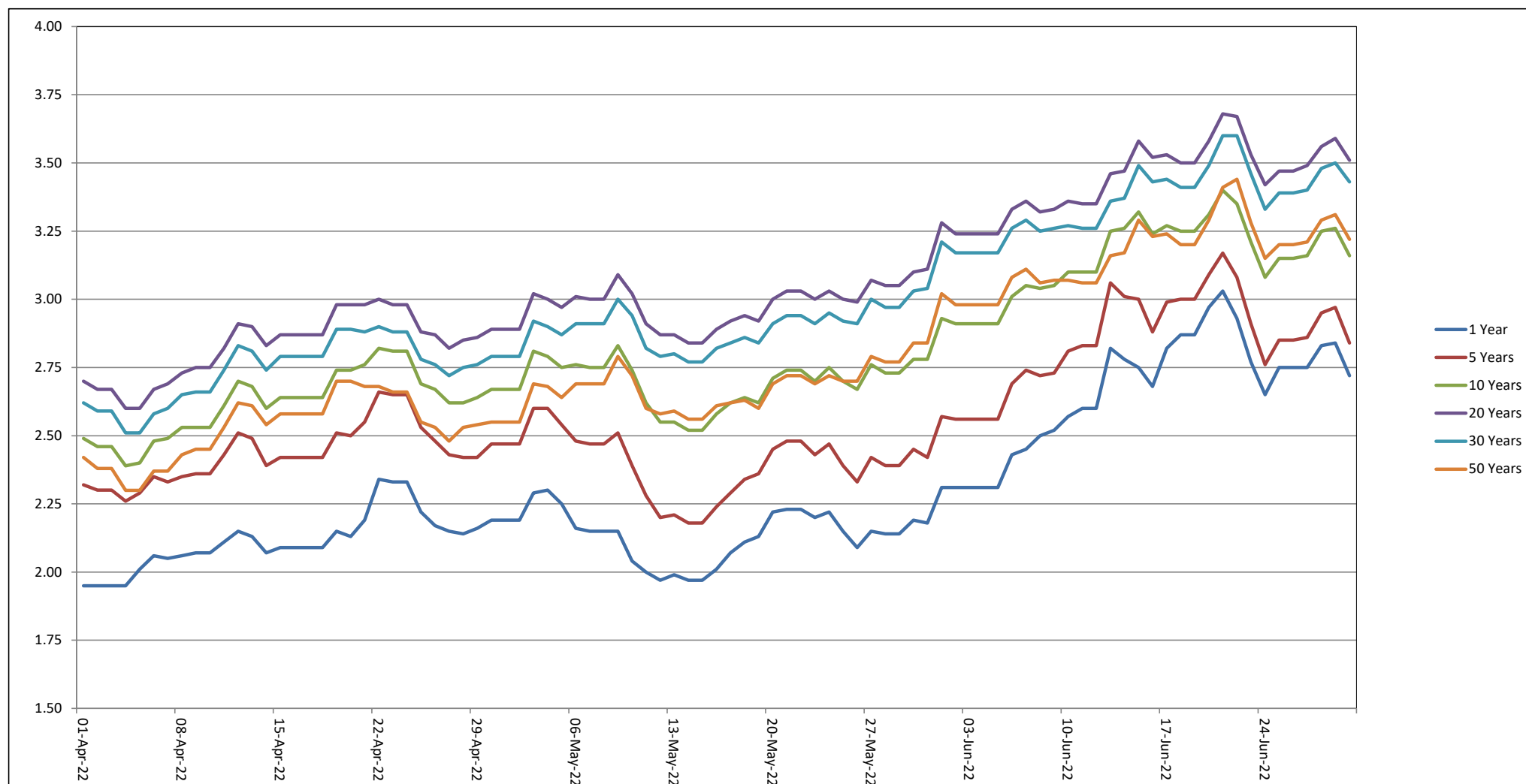
2. BACKGROUND PAPERS

- 2.1 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 – PWLB Fixed Maturity Interest Rates from 1 April to 30 June 2022.
- Appendix II – Summary of the Treasury Position and Transactions from 1 April to 30 June 2022.
- Appendix III – Approved Investment Counterparty List.
- Appendix IV – Monitoring of Prudential Indicators – Quarter ending 30 June 2022.

**PWLB Fixed Maturity Interest Rates
From 1st April to 30th June 2022
(Certainty Rate)**



SUMMARY OF THE TREASURY POSITION AND TRANSACTIONS
1 APRIL TO 30 JUNE 2022

APPENDIX II

1 LONG TERM BORROWING

(a) Long Term Borrowing 1st April to 30th June 2022

| | No. | Average Rate (%) | Average Life (years) | Amount (£) |
|------|-----|---------------------|-------------------------|---------------|
| None | 0 | 0.00% | 0.00 | 0 |
| | 0 | 0.00% | 0.0 | 0 |

(b) Long Term Debt Repayments 1st April to 30th June 2022

| | No. | Average Rate (%) | Amount (£) |
|---|-----|---------------------|---------------|
| PWLB - Maturity Loan - Scheduled Repayments | 1 | 2.97% | 5,000,000 |
| | 1 | 2.97% | 5,000,000 |

(c) Long Term Debt Outstanding

| | Outstanding 31-Mar-22 £ | Average Rate | Outstanding 30-Jun-22 £ | Average Rate |
|-----------------------------|-------------------------------|-----------------|-------------------------------|-----------------|
| Public Works Loan Board | 568,000,000 | 2.41% | 563,000,000 | 2.41% |
| Money Market Loans (LOBO's) | 43,200,000 | 4.59% | 43,200,000 | 4.59% |
| Other Long Term Debt | 140,000 | 0.00% | 140,000 | 0.00% |
| TOTAL | 611,340,000 | 2.57% | 606,340,000 | 2.56% |

2 SHORT TERM BORROWING

(a) Short Term Market Borrowing - 1st April to 30th June 2022

| | No. | Average Amount (£) | Average Rate (%) | Average Term (Days) | Interest (£) |
|---------------------|-----|-----------------------|---------------------|------------------------|-----------------|
| Temporary Borrowing | 1 | 8,000,000 | 1.10% | 21 | 5,063.01 |
| | 1 | 8,000,000 | 1.10% | 21 | 5,063.01 |

(b) Short Term Borrowing Outstanding

| | Outstanding 31-Mar-22 £ | Average Rate | Outstanding 30-Jun-22 £ | Average Rate |
|----------------------------------|-------------------------------|-----------------|-------------------------------|-----------------|
| Market Borrowing | 0 | 0.00% | 8,000,000 | 1.10% |
| Common Good and Charitable Funds | 2,169,254 | 1.05% | 2,169,272 | 1.05% |
| Local Trusts & Investors | 2,983,512 | 0.20% | 3,766,980 | 0.18% |
| TOTAL | 5,152,766 | 0.56% | 13,936,252 | 0.84% |

SUMMARY OF THE TREASURY POSITION AND TRANSACTIONS
1 APRIL TO 30 JUNE 2022

APPENDIX II

3 INVESTMENTS

(a) Investment Transactions - 1st April to 30th June 2022

| <u>Fixed Deposits & Investments</u> | <u>No.</u> | <u>Average Amount (£)</u> | <u>Average Rate (%)</u> | <u>Average Term (Days)</u> | <u>Total Interest (£)</u> |
|---|------------|-------------------------------|-----------------------------|--------------------------------|-------------------------------|
| Banks | 7 | 5,714,286 | 2.19% | 309 | 778,021.92 |
| Foreign Banks and Institutions | 5 | 4,500,000 | 1.61% | 207 | 221,203.56 |
| None | | | | | |
| | <u>12</u> | <u>5,208,333</u> | <u>1.98%</u> | <u>272</u> | <u>999,225.48</u> |

| <u>Instant/Notice Accounts & Money Market Funds</u> | <u>Average Amount (£)</u> | <u>Average Rate (%)</u> | <u>Total Interest (£)</u> |
|---|-------------------------------|-----------------------------|-------------------------------|
| Instant Access/Notice accounts | 965,117 | 0.42% | 29,573.16 |
| Money Market Funds | 10,668,391 | 0.82% | 28,316.09 |
| | <u>6,376,558</u> | <u>0.79%</u> | <u>57,889.25</u> |

(b) Investments Outstanding

| | <u>Outstanding 31-Mar-22</u> | <u>Average Rate</u> | <u>Outstanding 30-Jun-22</u> | <u>Average Rate</u> |
|--------------------------------|----------------------------------|-------------------------|----------------------------------|-------------------------|
| | <u>£</u> | | <u>£</u> | |
| UK Banks | 115,035,371 | 0.74% | 125,024,462 | 1.29% |
| Foreign Banks and Institutions | 92,000,000 | 1.15% | 86,500,000 | 1.53% |
| Money Market Funds | 0 | 0.00% | 250,000 | 1.11% |
| Other Local Authorities | 45,000,000 | 0.71% | 35,000,000 | 0.75% |
| TOTAL | <u>252,035,371</u> | <u>0.88%</u> | <u>246,774,462</u> | <u>1.30%</u> |

| | <u>Country</u> | <u>Fitch Credit Rating</u> | <u>CDS Range</u> | <u>Maximum Lending</u> | <u>Note (2)</u> |
|--|----------------|--------------------------------|----------------------|----------------------------|-----------------|
|--|----------------|--------------------------------|----------------------|----------------------------|-----------------|

Category 1 - Principal UK Clearing Banks - 40% Investment total (or £20M per Counterparty if higher)

(Minimum rating required Fitch A, F1)

| | | | | | |
|---|----|----------|--------------|-----------|------------------------|
| Bank of Scotland (RFB) (5) | UK | A+, F1 | In range | 6 months | £80million Group limit |
| Barclays Bank plc (NRFB) (5) | UK | A+, F1 | No data | 6 months | |
| Barclays Bank plc (RFB) (5) | UK | A+, F1 | In range | 6 months | |
| Goldman Sachs International Bank | UK | A+, F1 | In range | 6 months | |
| Handelsbanken plc | UK | AA, F1+ | No data | 12 months | |
| HSBC Bank plc (NRFB) | UK | AA-, F1+ | In range | 12 months | |
| HSBC Bank plc (RFB) | UK | AA-, F1+ | No data | 12 months | |
| Lloyds Bank Corporate Markets Plc (NRFB) | UK | A+, F1 | No data | 6 months | £80million Group limit |
| Lloyds Banking Group plc (RFB) | UK | A+, F1 | In range | 6 months | £80million Group limit |
| NatWest Markets Plc (NRFB) | UK | A+, F1 | In range | 12 months | |
| Royal Bank of Scotland plc (RFB) (inc Nat West) (3) (4) | UK | A+, F1 | Nationalised | 12 months | Sovereign Rating AA |
| Santander UK plc (inc Cater Allen) | UK | A+, F1 | No data | 6 months | |
| Standard Chartered Bank | UK | A+, F1 | In range | 6 months | |
| Sumitomo Mitsui Banking Corporation Europe Ltd | UK | A, F1 | In range | 6 months | |

Category 2 - Foreign Banks & Institutions - 25% Investment total (or £10M per Counterparty if higher)

(Minimum rating required Fitch A, F1)

| | | | | | |
|---|-------------|----------|----------|-----------|----------------------|
| Australia and New Zealand (ANZ) Banking Group Ltd | Aus | A+, F1+ | In range | 12 months | |
| Commonwealth Bank of Australia | Aus | A+, F1+ | In range | 12 months | |
| Macquarie Bank Ltd | Aus | A, F1 | No data | 6 months | |
| National Australia Bank Ltd | Aus | A+, F1+ | In range | 12 months | |
| Westpac Banking Corporation | Aus | A+, F1+ | In range | 12 months | |
| BNP Paribas Fortis Bank | Belgium | A+, F1 | No data | 1 month | Sovereign Rating AA- |
| KBC Bank | Belgium | A+, F1 | No data | 1 month | Sovereign Rating AA- |
| Bank of Montreal | Can | AA-, F1+ | No data | 12 months | |
| Bank of Nova Scotia | Can | AA-, F1+ | No data | 12 months | |
| Canadian Imperial Bank of Commerce | Can | AA-, F1+ | No data | 12 months | |
| National Bank of Canada | Can | A+, F1 | No data | 6 months | |
| Royal Bank of Canada | Can | AA, F1+ | No data | 12 months | |
| Toronto Dominion Bank | Can | AA-, F1+ | No data | 12 months | |
| Danske Bank | Denmark | A, F1 | In range | 6 months | |
| Nordea Bank Finland plc | Finland | AA-, F1+ | No data | 1 month | Sovereign Rating AA+ |
| BNP Paribas | France | A+, F1 | In range | 1 month | Sovereign Rating AA |
| Credit Agricole Corporate and Investment Bank | France | A+, F1 | In range | 1 month | Sovereign Rating AA |
| Credit Agricole SA | France | A+, F1 | In range | 1 month | Sovereign Rating AA |
| Credit Industriel et Commercial | France | A+, F1 | No data | 1 month | Sovereign Rating AA |
| DZ Bank AG | Germany | AA-, F1+ | No data | 12 months | |
| Landesbank Hessen-Thüringen Girozentral (Helaba) | Germany | A+, F1+ | In range | 12 months | |
| Landwirtschaftliche Rentenbank | Germany | AAA, F1+ | No data | 24 months | |
| NRW Bank | Germany | AAA, F1+ | No data | 24 months | |
| ABN AMRO Bank | Netherlands | A, F1 | No data | 6 months | |
| Bank Nederlandse Gemeenten | Netherlands | AAA, F1+ | No data | 24 months | |
| Coöperatieve Rabobank | Netherlands | A+, F1+ | In range | 12 Months | |
| ING Bank | Netherlands | AA-, F1+ | In range | 12 Months | |
| DBS Bank Limited | Singapore | AA-, F1+ | No data | 12 months | |
| United Overseas Bank Ltd | Singapore | AA-, F1+ | No data | 12 months | |
| Skandinaviska Enskilda Banken AB | Sweden | AA-, F1+ | No data | 12 months | |
| Svenska Handelsbanken AB | Sweden | AA, F1+ | No data | 12 months | |
| Swedbank AB | Sweden | A+, F1 | No data | 12 months | |
| UBS AG | Switzerland | AA-, F1+ | In range | 12 months | |
| Bank of America, NA | USA | AA-, F1+ | No data | 12 months | |
| Bank of New York Mellon | USA | AA, F1+ | No data | 24 months | |
| Citibank, NA | USA | A+, F1 | In range | 12 months | |
| JP Morgan Chase Bank, NA | USA | AA, F1+ | No data | 12 months | |
| Wells Fargo Bank, NA | USA | AA-, F1+ | In range | 12 months | |

Category 3 - Subsidiary Banks & Building Societies - 15% of Investment total (or £10M per Counterparty if higher)

(Minimum rating required Fitch A, F1)

(parent bank shown in brackets)

Subsidiary Banks

None

Building Societies

| | | | | |
|-----------------------------|----|-------|---------|----------|
| Nationwide Building Society | UK | A, F1 | No data | 6 months |
|-----------------------------|----|-------|---------|----------|

Category 4 - Other Local Authorities - 20% of Investment total (or £20M per Counterparty if higher)

As arranged

Category 5 Money Market Funds - 10% of Investment Total (or £10M per Counterparty if higher)

(Minimum rating required Fitch AAA)

| | | |
|---|----|-----|
| Aberdeen Standard Investments | UK | AAA |
| Aviva Investors Liquidity Fund | UK | AAA |
| Federated Sterling Liquidity Fund (Class 3) | UK | AAA |
| Insight Sterling Liquidity Fund (Class 5) | UK | AAA |
| Deutsche Bank Sterling Fund | UK | AAA |

Note:

- (1) - Standard & Poor's credit ratings shown, as no Fitch credit rating available
- (2) - All Sovereign credit ratings for above Countries are AAA, unless stated otherwise.
- (3) - Banks are part/majority owned by the UK government
- (4) - UK Sovereign Rating is AA (Fitch and Standard & Poor's)
- (5) - NRFB = Non Ring Fenced Bank, RFB = Ring Fenced B.

Last Updated: 29-Jul-22

PERTH AND KINROSS COUNCIL
PRUDENTIAL INDICATORS - QUARTER ENDING 30 JUNE 2022

APPENDIX IV

1 Financing Costs: Net Revenue Stream

The ratio of Capital Financing Costs (Loan Charges) to the Council's net revenue stream shall not exceed the following limits, which are based on historic levels, and allow some headroom for movement in interest rates. The estimated Financing Costs below are based on the latest monitoring figures.

| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|---|---------|---------|---------|---------|---------|---------|
| Prudential Limit - General Fund | 15.00% | 15.00% | 15.00% | 15.00% | 15.00% | 15.00% |
| Estimated Ratio of Financing Costs to Revenue | 6.83% | 7.39% | 8.27% | 8.89% | 9.15% | 9.03% |
| Prudential Limit - HRA | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% |
| Estimated Ratio of Financing Costs to Revenue | 21.44% | 23.21% | 23.04% | 22.36% | 22.24% | 22.45% |

2 Gross & Net Borrowing and Capital Financing Requirements

For prudence, net external borrowing must not exceed the total capital financing requirement, thus ensuring that over the medium term, borrowing is only undertaken for capital purposes. The estimated total net borrowing and Capital Financing Requirement at the end of each of the years are as follows:

| | Actual as at 30-Jun-22 | Projected 31-Mar-23 | Projected 31-Mar-24 | Projected 31-Mar-25 | Projected 31-Mar-26 | Projected 31-Mar-27 | Projected 31-Mar-28 |
|-------------------------------|---------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Net External Borrowing* | 499,227,000 | 580,136,000 | 804,214,000 | 950,431,000 | 1,029,949,000 | 1,074,466,000 | 1,104,709,000 |
| Gross External Borrowing* | 746,001,000 | 730,136,000 | 874,214,000 | 1,000,431,000 | 1,079,949,000 | 1,124,466,000 | 1,154,709,000 |
| Capital Financing Requirement | 653,019,000 | 747,361,000 | 893,876,000 | 1,018,575,000 | 1,098,272,000 | 1,144,056,000 | 1,175,930,000 |

*For the purpose of this indicator, Borrowing includes the outstanding liability under PPP/PFI contracts.

3 Estimates of Gross Capital Expenditure

The total estimated Capital Expenditure contained within the Council's Budgets for each year is as follows, based on updated monitoring figures.

| Composite Programme | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|--|--------------|-------------|-------------|------------|------------|------------|
| Current estimate | 163,988,000 | 171,930,000 | 137,333,000 | 83,294,000 | 58,519,000 | 46,128,000 |
| Original Budget Estimate (including Budget Motion) | 176,562,000 | 173,493,000 | 126,749,000 | 61,376,000 | 52,519,000 | 43,737,000 |
| Movement in Estimated Capital Expenditure | (12,574,000) | (1,563,000) | 10,584,000 | 21,918,000 | 6,000,000 | 2,391,000 |

The Original Budget Estimates are those per the 2022/23 to 2027/28 Composite Capital Budget Report on 23 February 2022.
The latest estimates for Capital Expenditure are based on the F&R Capital Monitoring Report No 1 on 7 September 2022.

| HRA Programme | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|---|------------|------------|------------|-------------|------------|------------|
| Current estimate | 18,131,000 | 17,022,000 | 13,867,000 | 18,954,000 | 16,044,000 | 16,500,000 |
| Original Budget Estimate | 17,299,000 | 15,983,000 | 13,886,000 | 20,085,000 | 16,044,000 | 16,500,000 |
| Movement in Estimated Capital Expenditure | 832,000 | 1,039,000 | (19,000) | (1,131,000) | 0 | 0 |

The Original Budget Estimates are those per the 2020/21 Housing & Communities Budget Report on 24 January 2022.
The latest estimates for Capital Expenditure are based on the F&R Capital Monitoring Report No 1 on 7 September 2022.

PERTH AND KINROSS COUNCIL
PRUDENTIAL INDICATORS - QUARTER ENDING 30 JUNE 2022

APPENDIX IV

4 Estimate of Capital Financing Requirement

The estimate (as at JULY 2022) of the Capital Financing Requirement (ie new borrowing requirement for Capital Expenditure) for each year based on these plans is as follows:

| Composite Programme | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|---|--------------|-------------|-------------|------------|------------|------------|
| Current Estimated Capital Financing Requirement | 123,419,000 | 137,855,000 | 115,359,000 | 61,499,000 | 38,804,000 | 26,458,000 |
| Original Budget Estimate (including Budget Motion) | 140,264,000 | 137,906,000 | 106,775,000 | 41,581,000 | 34,804,000 | 26,067,000 |
| Movement in Estimated Capital Financing Requirement | (16,845,000) | (51,000) | 8,584,000 | 19,918,000 | 4,000,000 | 391,000 |

The Original Budget Estimates are those per the 2022/23 to 2027/28 Composite Capital Budget Report on 23 February 2022

The latest estimates for Capital Expenditure are based on the F&R Capital Monitoring Report No 1 on 7 September 2022.

| HRA Programme | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|---|------------|------------|------------|-------------|------------|------------|
| Current Estimated Capital Financing Requirement | 15,673,000 | 14,377,000 | 10,538,000 | 14,994,000 | 11,765,000 | 12,000,000 |
| Original Budget Estimate | 14,685,000 | 13,338,000 | 10,557,000 | 16,125,000 | 11,765,000 | 12,000,000 |
| Movement in Estimated Capital Financing Requirement | 988,000 | 1,039,000 | (19,000) | (1,131,000) | 0 | 0 |

The Original Budget Estimates are those per the 2020/21 Housing & Communities Budget Report on 24 January 2022.

The latest estimates for Capital Expenditure are based on the F&R Capital Monitoring Report No 1 on 7 September 2022.

5 External Debt (Gross and Net)

| External Borrowing | As at 30-Jun-22 | Projected 31-Mar-23 | Projected 31-Mar-24 | Projected 31-Mar-25 | Projected 31-Mar-26 | Projected 31-Mar-27 | Projected 31-Mar-28 |
|---------------------------------------|--------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Public Works Loan Board | 563,000,000 | 560,000,000 | 710,000,000 | 842,000,000 | 927,000,000 | 977,000,000 | 1,012,000,000 |
| Market Bonds (LOBOs) | 43,200,000 | 43,200,000 | 43,200,000 | 43,200,000 | 43,200,000 | 43,200,000 | 43,200,000 |
| Project Borrowing | 140,000 | 140,000 | 0 | 0 | 0 | 0 | 0 |
| Special Loans | 2,169,272 | 2,169,272 | 2,169,272 | 2,169,272 | 2,169,272 | 2,169,272 | 2,169,272 |
| Temporary Loans/Other Borrowing | 11,766,980 | 3,300,000 | 3,000,000 | 2,700,000 | 2,700,000 | 2,700,000 | 2,700,000 |
| Other Long Term Liabilities (PPP/PFI) | 125,724,977 | 121,326,977 | 115,844,477 | 110,361,977 | 104,879,477 | 99,396,977 | 94,639,577 |
| Total Gross External Debt | 746,001,229 | 730,136,249 | 874,213,749 | 1,000,431,249 | 1,079,948,749 | 1,124,466,249 | 1,154,708,849 |
| Short Term Investments | (246,774,462) | (150,000,000) | (70,000,000) | (50,000,000) | (50,000,000) | (50,000,000) | (50,000,000) |
| Long Term Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Net External Debt | 499,226,767 | 580,136,249 | 804,213,749 | 950,431,249 | 1,029,948,749 | 1,074,466,249 | 1,104,708,849 |
| Note: | | | | | | | |
| Operational Boundary | 746,000,000 | 730,000,000 | 874,000,000 | 1,000,000,000 | 1,080,000,000 | 1,124,000,000 | 1,155,000,000 |
| Authorised Limit | 1,200,000,000 | 1,200,000,000 | 1,200,000,000 | 1,200,000,000 | 1,200,000,000 | 1,200,000,000 | 1,200,000,000 |

The Operational Boundary and Authorised Limit are based on Gross External Debt.

PERTH AND KINROSS COUNCIL
PRUDENTIAL INDICATORS - QUARTER ENDING 30 JUNE 2022

APPENDIX IV

6 Principal Sums Invested Longer Than 365 Days

The Upper Limit for sums invested for over 1 year up to 3 years is £45 million. There were no amounts invested within this period as at the end of the quarter.

7 MATURITY STRUCTURE

The lower and upper limit for the proportion of the Council's total-long term debt which matures in each of the time bandings below, and is therefore subject to refinancing at the prevailing market rates, is as follows:

| Borrowing Maturity Structure | Lower Limit | Upper Limit | Estimated |
|--------------------------------|-------------|-------------|-----------|
| Under 12 months | 0% | 35% | 1.21% |
| over 12 months and < 24 months | 0% | 35% | 1.43% |
| over 2 years and < 5 years | 0% | 50% | 6.05% |
| over 5 years and < 10 years | 0% | 75% | 7.24% |
| over 10 years | 10% | 95% | 84.08% |

The maturity profile for the Council's current long-term portfolio as at 30 June 2022, measured from the start of the financial year, is as follows:

| | Less 1 Year | 1 - 2 Years | 2 - 5 Years | 5 - 10 Years | 10 - 20 Years | 20 - 30 Years | 30 - 40 Years | 40 - 50 Years | Over 50 Years | Total |
|-------------------|-------------|-------------|-------------|--------------|---------------|---------------|---------------|---------------|---------------|-------------|
| PWLB | 3,000,000 | 5,000,000 | 23,000,000 | 27,500,000 | 5,000,000 | 0 | 40,500,000 | 459,000,000 | 0 | 563,000,000 |
| LOBOs | 0 | 0 | 0 | 0 | 0 | 13,000,000 | 25,200,000 | 5,000,000 | 0 | 43,200,000 |
| Other | 0 | 0 | 140,000 | 0 | 0 | 0 | 0 | 0 | 0 | 140,000 |
| PPP/PFI Liability | 5,864,000 | 5,482,500 | 21,204,900 | 25,611,400 | 69,028,177 | 0 | 0 | 0 | 0 | 127,190,977 |
| Total | 8,864,000 | 10,482,500 | 44,344,900 | 53,111,400 | 74,028,177 | 13,000,000 | 65,700,000 | 464,000,000 | 0 | 733,530,977 |
| Percentage | 1.21% | 1.43% | 6.05% | 7.24% | 10.09% | 1.77% | 8.96% | 63.26% | 0.00% | 100.00% |

PERTH AND KINROSS COUNCIL

**Finance & Resources Committee
7 September 2022**

ANNUAL TREASURY REPORT 2021/22

**Report Head of Finance
(Report No. 22/211)**

1. PURPOSE

- 1.1 A requirement of the Council's approved Treasury Management Practice 6 (TMP6 – Reporting Requirements & Management Information Arrangements) is the reporting to Council of the expected treasury activity for the forthcoming year (i.e. the Treasury and Investment Strategy) and the subsequent reporting of the actual results and activities (i.e. this Annual Treasury Report). The Council meeting on 31 March 2021 approved the Treasury Strategy for the 8 financial years 2021/22 to 2028/29 and the annual Investment Strategy for 2021/22 (Report No. 21/42 refers).
- 1.2 This Annual Treasury Report covers:
- The Council's treasury position
 - The forecast economic outlook and borrowing strategy for 2021/22
 - The actual economic situation for 2021/22
 - Actual long-term borrowing and repayments in 2021/22
 - The Statutory Loans Fund position
 - The Investment Strategy and outturn for 2021/22
 - Compliance with treasury policies and limits during 2021/22

2. RECOMMENDATIONS

- 2.1 It is recommended that the Committee notes the content of this report, which is submitted in accordance with the Council's approved Treasury Management Practices.

3. THE TREASURY POSITION

- 3.1 In order to place this report in context, the Council's Treasury position at the beginning and at the end of the year is shown below:

| | Principal 31 Mar 2021 £M | Average Rate % | Principal 31 Mar 2022 £M | Average Rate % |
|--|--------------------------------|----------------------|--------------------------------|----------------------|
| Fixed Rate/Long Term Funding | | | | |
| • Public Works Loan Board (PWLB) | 490.5 | 2.59 | 568.0 | 2.41 |
| • Market & Local Authority Bonds | 43.2 | 4.59 | 43.2 | 4.59 |
| • Other Loans & Bonds* | <u>0.1</u> | <u>0.00</u> | <u>0.1</u> | <u>0.00</u> |
| | <u>533.8</u> | <u>2.75</u> | <u>611.3</u> | <u>2.57</u> |
| Variable Rate/Short Term Funding | | | | |
| • Temporary Loans | 51.8 | 0.08 | 3.0 | 0.19 |
| • Internal Loans | <u>2.2</u> | <u>0.10</u> | <u>2.2</u> | <u>1.05</u> |
| | <u>54.0</u> | <u>0.08</u> | <u>5.2</u> | <u>0.56</u> |
| | | | | |
| TOTAL DEBT | <u>587.8</u> | <u>2.51</u> | <u>616.5</u> | <u>2.55</u> |
| | | | | |
| | | | | |
| Short Term Investments | 191.7 | 0.50 | 252.0 | 0.99 |
| Long Term Investments | <u>45.0</u> | <u>0.71</u> | <u>0.0</u> | <u>0.00</u> |
| | | | | |
| TOTAL INVESTMENTS | <u>236.7</u> | <u>0.54</u> | <u>252.0</u> | <u>0.88</u> |
| | | | | |
| *Interest free loan from the Scottish Government | | | | |

4. THE FORECAST ECONOMIC OUTLOOK AND BORROWING STRATEGY 2021/22

- 4.1 Following the pandemic it was anticipated that economic growth and inflation would steadily increase, but with no immediate increase in the Bank base rate. However, gilt yields were anticipated to rise gradually throughout 2021/22 and beyond, subject to any new economic restrictions. The Council's Treasury Strategy for 2021/22 was that with no immediate long-term borrowing required as a result of the significant borrowing undertaken in 2019, any such borrowing would only be undertaken if capital expenditure recovered quicker than expected, or if opportunities arose to borrow at low rates. With short term rates expected to rise slower than medium and long-term rates, short term borrowing could be undertaken if required and long-term borrowing would then be deferred.
- 4.2 The amounts reflected in the Council's approved Capital Budget showed that the estimated capital borrowing requirement for 2021/22 at the start of the year was £86.5M, with further significant borrowing totalling £227.7M required in the subsequent 2 years. However, much of this borrowing had already been undertaken in advance in the previous year.
- 4.3 Therefore consideration was given to borrowing for future year requirements earlier within the 8-year period, whilst rates were at their forecast low point. This approach is consistent with the Prudential Code but should be considered in conjunction with the assessment of the additional risks and potentially low returns from the resultant short-term increase in the level of investments.
- 4.4 Whilst the use of short-term borrowing would initially be cheaper, the use of longer-term borrowing would give rise to longer term savings and reduce the refinancing risk in later years. However, if rates stayed low, new borrowing

could be delayed and short-term borrowing used to meet immediate cashflow requirements. The approved Treasury Strategy also allowed for consideration of other market borrowing instruments where they offered favourable rates. However, the associated risks due to their variable rate nature and their less flexible terms in comparison to the Public Works Loan Board would also need to be considered.

- 4.5 Whilst minimising risk by favouring fixed longer-term borrowing, it was acknowledged that there were several factors which could impact on interest rates over the year. Therefore, the Council applies an approach of managing risk and monitoring interest rates on an ongoing basis with a view to reviewing this strategy should circumstances change.

5. ACTUAL ECONOMIC SITUATION 2021/22

- 5.1 2021/22 was another volatile year for the financial markets. Economic growth in the UK initially fell at the start of the year before increasing over the remainder of the year as restrictions were lifted. However, the rate of growth did decline towards the end of the year. Consumer Price Index (CPIH) inflation steadily rose over the year from 2.4% to 7.0% by March 2022, with forecasts that it would exceed 10% by the end of the year. This was due to a large increase in demand for commodities, including oil and gas, and the war in Ukraine which is affecting global commodity supplies. Unemployment fell throughout the year.
- 5.2 Whilst no increases in the Bank base rate in 2021 were anticipated, with the rapid rise in inflation and improving economic activity, the Bank of England's Monetary Policy Committee (MPC) did increase the Bank base rate to 0.25% in November 2021, with further rises to in February 2022 to 0.75% by March 2022. The MPC has subsequently increased the rate further to its current level of 1.75%, with further increases expected over the remainder of this year.
- 5.3 PWLB rates gradually fell in the first half of the year due to uncertainty over future economic activity, before increasing as inflation started to rise rapidly. However the rise in PWLB rates was reversed in November and December 2021 as fears over the impact of the new coronavirus variant Omicron surfaced. At this time, PWLB rates fell to historic low levels not seen since the start of the pandemic in March 2020. However, with no further restrictions being made in the UK, and with inflation increasing, rates rose rapidly over the remainder of the financial year. The PWLB rates for various periods are shown at Appendix I.
- 5.4 The 50-year rate was 2.03% at the start of the year and fell to 1.52% by August. This was followed by a period of increases until they peaked at 2.15% in October, before rapidly falling to their low point of 1.26% in December. Thereafter they rose quickly and ended the year at around 2.40% in March 2022. All other durations followed a similar pattern, with the 20 and 30 year rates being higher than the 50-year rate for the whole year. PWLB fixed rates underwent a year of significant volatility and were higher than forecast in the

original strategy for most of the year, however the falls in November and December 2021 did give rise to some borrowing opportunities.

- 5.5 Investment deposit rates were little changed in the first half of the year, however they increased significantly in the second half of the year, and particularly towards the financial year end. This reflected the increased Bank base rate during the year, as well as expectations of further increases in the Bank Rate in the future. The average rate on the Council's investments at the start of the year was 0.54% and increased to 0.99% at the end of the year.

6. ACTUAL LONG-TERM BORROWING & REPAYMENTS

- 6.1 Treasury activity during 2021/22 is detailed in the four quarterly Treasury reports previously submitted to the Council (Report No 21/141), the Strategic Policy & Resources Committee (Report No's 21/216 and 22/26) and the Finance & Resources Committee (Report No 22/122).
- 6.2 As noted in paragraph 4.2 above, before the start of the year, the Council's estimated new capital borrowing for 2021/22 was £86.5M. However, as this had already been borrowed in a previous year, no new actual borrowing was expected to be undertaken in the year, unless, for example, interest rates started to increase rapidly or fell to historic low levels. This may have included borrowing of future year's requirements.
- 6.3 Following a sharp fall in rates, a total of £90M of new longer-term borrowing was undertaken in the year from the PWLB which is summarised below:

| Date | Amount (£) | Interest Rate (%) | Duration (Years) |
|-------------|------------|-------------------|------------------|
| 16 Nov 2021 | 25,000,000 | 1.51 | 50 |
| 3 Dec 2021 | 25,000,000 | 1.46 | 49.5 |
| 3 Dec 2021 | 25,000,000 | 1.46 | 50 |
| 15 Dec 2021 | 15,000,000 | 1.26 | 50 |

- 6.4 These loans are required to fund the Capital programme. Whilst there was no borrowing required in the year, these loans were drawn down against the borrowing required in 2022/23. With PWLB rates reaching historic lows, these loans give estimated savings in interest of £728,000 per annum against forecast interest rates in future years.
- 6.5 The Council's scheduled repayments to the PWLB during the year related to 2 maturing loans which had been borrowed for 5 and 12 years totalling £12.5M at an average interest rate of 2.43%. The average PWLB debt portfolio rate for the Council reduced from 2.59% at the start of the year, to 2.41% for the total of £568M of PWLB debt held by the Council on 31 March 2022. There were no other repayments of long-term debt in the year.
- 6.6 Overall, the Council's total Fixed Rate borrowing increased by £77.5M to £611.3M, whilst the average rate reduced from 2.75% to 2.57%.

- 6.7 Short term variable funding at the year-end reduced from £54.0M at 31 March 2021 to £5.2M at 31 March 2022. The reduction mostly relates to a reduced requirement for short term funding over the financial year end in March 2022.
- 6.8 As a result of the above strategy and actual treasury activities in the year, the Council's average Consolidated Loans Fund (CLF) interest rate was broadly unchanged from 3.1% in 2020/21 to 3.11% in 2021/22 (based on applying statutory guidance). The impact of borrowing at lower rates in the year was offset by the small increase in capital debt outstanding, however it will lead to a lower CLF rate in subsequent years (the 2022/23 CLF rate is currently projected to be 2.49%).
- 6.9 A comparison of the Council's CLF rate over recent years with the average for other Scottish Local authorities is shown graphically at Appendix II. Whilst figures for the 2021/22 Scottish average will not be published until the autumn, this graph shows that over time, this Council's average borrowing costs have reduced to a level significantly below the Scottish average. This equates to savings in Loan Charges of around £2.2M per annum on the Council's portfolio compared to the Scottish average. Further, the impact of the advance borrowing and debt rescheduling undertaken in the last 2 years can be seen in the forecast of the Council's Loans Fund rate over the next few years.

7. STATUTORY LOANS FUND

- 7.1 The Loans Fund is an internal fund operated by the Council to manage:
- The write down (repayments or "amortisation") of capital expenditure (capital advances) over the life of the various assets being funded by borrowing as part of the Council's Loan Charges, and
 - To manage the external borrowing raised to finance the capital expenditure.
- 7.2 Whilst both these elements of the Loans Fund operate independently of each other, because they are based on the same capital plans of the Council, they will broadly be consistent with each other over the long term. However, significant differences may arise in the short-term due to, for example, delaying external borrowing, or borrowing in advance in light of prevailing interest rates, or where the Council has significant levels of Reserves.
- 7.3 The approved Loans Fund policies allow the amortisation of capital expenditure (advances) for periods of up to 50 years in line with the asset useful lives, using the annuity method. The repayment of Loans Fund advances is also deferred until the asset being funded is completed and operational.
- 7.4 It is a requirement of the Loans Fund regulations that the outstanding amount of Loans Fund advances at the end of each financial year is reported as part of the annual report. The value of Loans Fund advances outstanding at 31 March 2022 is £491,270,000 (subject to completion and audit of the Council's Annual Accounts). This is made up as follows:

- Capital Advances outstanding 1 April 2021 - £462,132,000
- Add New capital Advances 2021/22 - £38,460,000
- Less Capital Advances repaid in the year - £9,322,000

7.5 The future repayment of these advances is summarised in the table below:

| | Core Composite Programme | Prudential Borrowing | Sub-Total: General Fund | Housing Revenue Account | TOTAL |
|-------------------------|--------------------------|----------------------|-------------------------|-------------------------|----------------|
| (£'000) | | | | | |
| Within 1 Year | 2,382 | 2,747 | 5,129 | 3,697 | 8,826 |
| Between 1 and 2 Years | 2,107 | 2,802 | 4,909 | 4,145 | 9,054 |
| Between 2 and 5 Years | 3,413 | 6,504 | 9,917 | 10,990 | 20,907 |
| Between 5 and 10 Years | (8,091) | 5,221 | (2,870) | 19,341 | 16,471 |
| Between 10 and 15 Years | (5,402) | 4,062 | (1,340) | 24,807 | 23,467 |
| Between 15 and 20 Years | 28,291 | 3,399 | 31,690 | 9,461 | 41,151 |
| Between 20 and 25 Years | 37,104 | 3,592 | 40,696 | 2,490 | 43,186 |
| Between 25 and 30 Years | 43,802 | 4,216 | 48,018 | 6,055 | 54,073 |
| Between 30 and 35 Years | 47,789 | 5,644 | 53,433 | 11,338 | 64,771 |
| Between 35 and 40 Years | 59,987 | 3,921 | 63,908 | 11,455 | 75,363 |
| Between 40 and 45 Years | 68,095 | 3,572 | 71,667 | 13,543 | 85,210 |
| Between 45 and 50 Years | 35,833 | 155 | 35,988 | 7,957 | 43,945 |
| Over 50 Years | 4,846 | 0 | 4,846 | 0 | 4,846 |
| TOTAL | 320,156 | 45,835 | 365,991 | 125,279 | 491,270 |

7.6 Comparison of the outstanding capital advances above with the long-term external debt shown in paragraph 3.1 demonstrates that actual capital expenditure funded by borrowing is lower than the actual borrowing undertaken to date by around £120M. This reflects the strategy adopted in recent years of undertaking new borrowing whilst rates were at historic low levels, in order to fund the significant borrowing requirement approved by the Council over the next 2-3 years. This strategy has reduced the risks and the interest charges of borrowing in future at higher interest rates.

7.7 The last report to the Strategic Policy & Resources Committee on 20 April 2022 (report 22/88) approved adjustments to the General Fund Composite Capital Budget and Housing Investment Programmes. The amount of capital expenditure to be funded by borrowing (ie new Loans Fund advances) in each of the next 6 years as approved in April is as follows:

| | Composite Programme | Housing Investment Programme | TOTAL |
|--------------|---------------------|------------------------------|----------------|
| (£'000) | | | |
| 2022/23 | 125,644 | 15,349 | 140,993 |
| 2023/24 | 155,102 | 13,338 | 168,440 |
| 2024/25 | 117,980 | 10,5420 | 128,522 |
| 2025/26 | 41,974 | 16,035 | 58,009 |
| 2026/27 | 35,115 | 11,765 | 46,880 |
| 2027/28 | 26,188 | 0 | 26,188 |
| TOTAL | 502,003 | 67,029 | 569,032 |

- 7.8 All the above Loans Fund repayments and new borrowing have been included in the Loan Charge estimates within the approved Medium Term Financial Plan, and therefore remain affordable under the current Loan Charge Budget strategy. This also includes estimates of new borrowing in the years beyond 2027/28.

8. INVESTMENT STRATEGY AND OUTURN 2021/22

- 8.1 Short term deposit rates remained at low levels throughout most of the year, however they did increase from December 2021 following the increases in the Bank base rate. The low deposit rates also reflect funding requirements for banks which make it less attractive for banks to hold short term cash deposits. Therefore, instant access and short-term deposit rates offered by most banks and institutions remained low relative to the bank base rate.
- 8.2 The original Strategy anticipated that investments would reduce gradually over the year unless, for example, new borrowing was undertaken in the year or the Council's expenditure during the year was later than anticipated. As described in paragraph 6.3, a total of £90M of new borrowing was undertaken in November and December 2021. Consequentially, the level of investments gradually reduced in the first half of the year before they increased and peaked at £294M on 16 December 2021. They then gradually reduced again over the remainder of the year, reflecting the Council's day-to-day cashflow over that period. The level of investments stood at £236.7M at the start of the year, peaked at £294.1M in December, before ending at £252.0M on 31 March 2022.
- 8.3 For shorter investment periods, notice deposit accounts and money market funds held by the Council provided a higher return on investments than rates available on instant access bank accounts and shorter-term fixed deposits. In the first half of the year, notice deposit rates for 3 months with some of the banks were particularly competitive and increased relative to other investment rates. These facilities also helped to meet short term cashflow requirements and keep within counterparty limits. As the investment rates increased, short term fixed deposit rates become more attractive relative to notice accounts. With the expectation of rates increasing further as the year progressed, the strategy was to invest in shorter term fixed deposits (up to 3 months) in order to benefit from the rising interest rates as they matured. Towards the end of the year, fixed deposits up to 12 months became more attractive, with several deposits then being undertaken for this period.
- 8.4 During the year, no investment was made for more than 12 months, and all investment activities were in line with the approved strategy for 2021/22. The average rate on investments outstanding at 31 March 2022 was 0.88% (0.54% at 31 March 2021). This increase in the average rate over the year reflected the increase in the Bank base rate. In comparison, the average temporary borrowing rate for the year was 0.14%. Total interest received on investments in 2021/22 amounted to £1,076,000. Whilst this was lower than the previous year (£1,663,000 in 2020/21), the previous year included significant levels of local authority borrowing at higher than market rates (reflecting local authority cash requirements at the height of the pandemic).

- 8.5 All financial investments by the Council's Common Good Funds and Charitable Trusts were made through the Council's Loans Fund, in accordance with the Council's and Common Good Fund's policy for Permitted Investments. As a result, £2,169,000 of Common Good funds and Charitable Trusts are placed on deposit with the Loans Fund for periods of between 6 and 12 months at an average rate of 1.05%.
- 8.6 Any investments held with external fund managers are outside the scope of the investment regulations, as they all relate to funds held by Council administered Charities or Trusts.
- 8.7 The Annual Property Investment Strategy for 2021/22 was also approved by the Council at its meeting on the 31 March 2021 and was complied with in full, with no breaches in compliance with permitted investment limits. The budgeted income from the Council's property portfolio for 2021/22 was £1,819,000, whilst the final position (subject to audit) was £1,847,000. There were no additional risks identified or new property investments entered into over the year. The strategy action plan remained on programme.

9. COMPLIANCE WITH TREASURY POLICIES AND LIMITS

- 9.1 There were no breaches of compliance with the Council's approved borrowing and investment policies and strategy in 2021/22. All aspects of the Prudential Code, including Prudential Indicators and limits, were also fully adhered to throughout the year.

10. CONCLUSION

- 10.1 Global economic and political uncertainties have kept UK interest rates low for several years, and particularly in the last couple of years during the pandemic. However, whilst there was no immediate expectation of rates rising in 2021/22, the interest rate forecast was that rates would start rising gradually from the end of the year. As a result of rapidly rising inflation, the Bank base rate did increase, and at a faster rate than anticipated. However, some uncertainties did remain and thus market and interest rate volatility continued, giving rise to new borrowing opportunities in the year. Consequently, £90M of new long-term borrowing was undertaken in the year
- 10.2 As the new borrowing is required to fund the 2022/23 capital programme, there was increased short term investment activity as a result of the increased balances arising from the borrowing. As interest rates rose over the year, the investment Strategy moved from notice accounts to shorter term fixed deposits.
- 10.3 There were no breaches of compliance with the lending policy and all Prudential Indicators were complied with throughout the year. As a result of the activities undertaken during 2021/22 the Council's plans remain affordable, prudent and sustainable. The report also includes detailed information on the repayment profiles and future estimates of Loans Fund Advances.

- 10.4 The Council's Consolidated Loans Fund (CLF) rate for the year remained broadly unchanged, increasing marginally from 3.10% last year to 3.11%. However, as a result of the treasury activities during 2021/22, the CLF rate in future years is projected to reduce significantly (currently estimated at 2.49% for 2022/23).

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Approved

| Name | Designation | Date |
|-------------------|-------------------------|----------------|
| Stewart MacKenzie | Head of Finance | 12 August 2022 |
| Karen Donaldson | Chief Operating Officer | 12 August 2022 |

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

- 4.1 The Chief Executive, and the Council's Treasury advisors, Capita Asset Services, have been consulted in the preparation of this report.

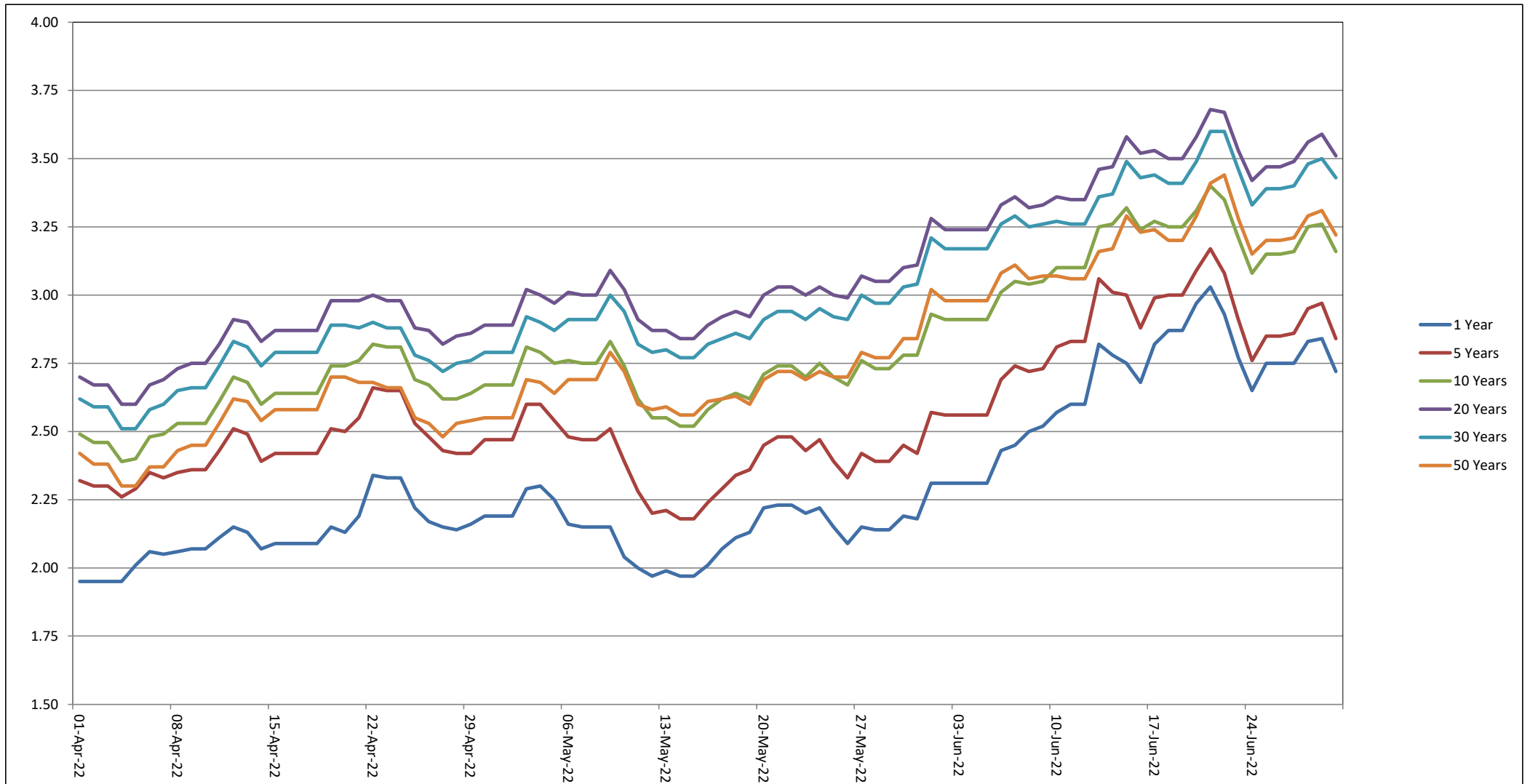
2. BACKGROUND PAPERS

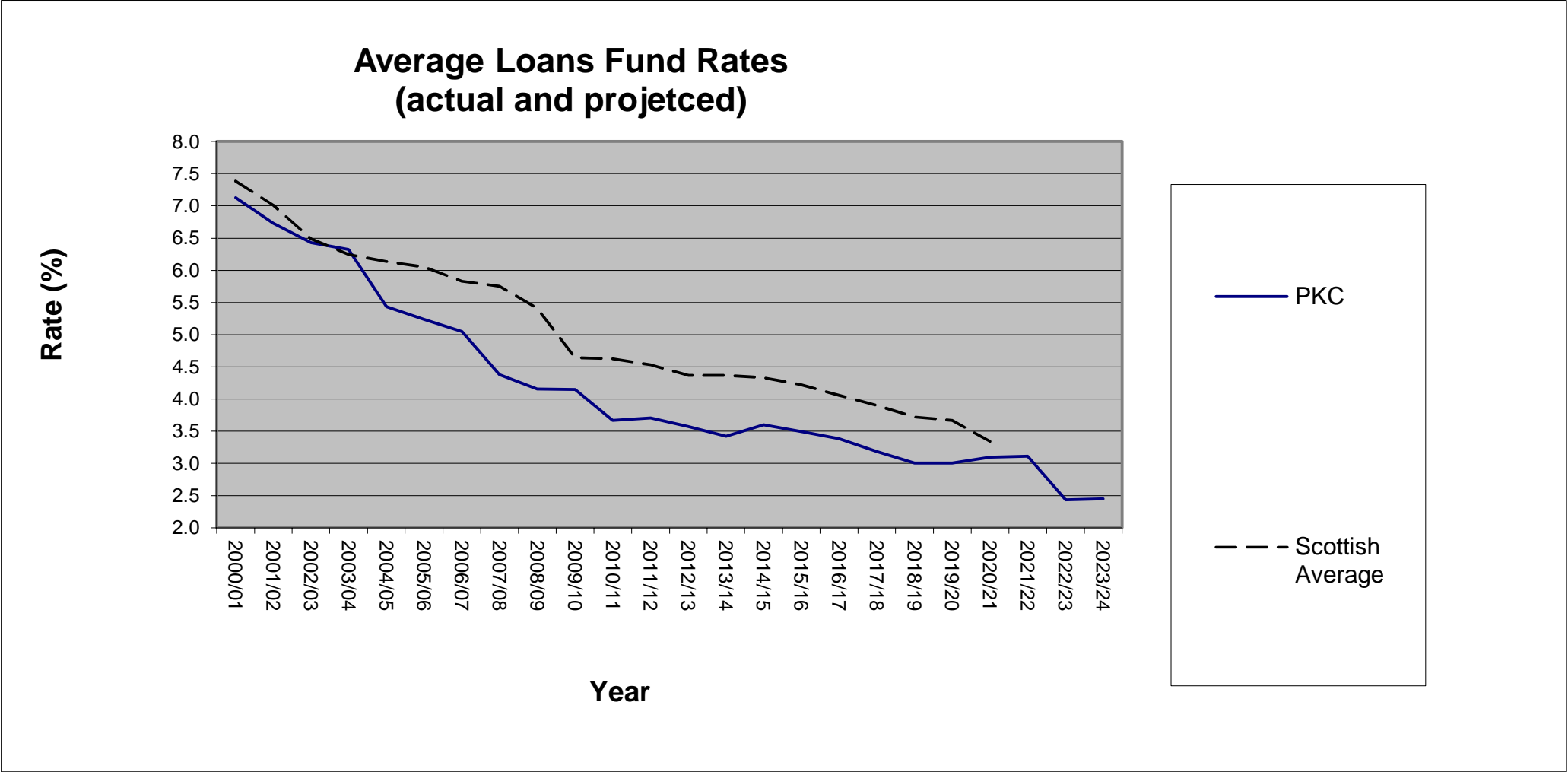
No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

3. APPENDICES

- Appendix I – PWLB Fixed Maturity Interest Rates From 1 April 2021 to 1 April 2022.
- Appendix II – Average Loans Fund Rates

***PWLB Fixed Maturity Interest Rates
from 1st April to 30th June 2022
(Certainty Rates)***





PERTH AND KINROSS COUNCIL

Finance and Resources Committee

Wednesday 7 September 2022

COMMUNITY INVESTMENT FUND 2022/23

Report by Head of Culture & Community Services (Report No. 22/212)

1. PURPOSE

- 1.1 This report asks Committee to consider and approve changes to the operation of the Community Investment Fund and sets out the timescales and funding levels for the 2022/23 round.

| 2. RECOMMENDATIONS | |
|--------------------|--|
| 2.1 | <p>It is recommended that the Committee:</p> <ul style="list-style-type: none"> i. agrees the proposed changes to decision making and grant monitoring/administration of CIF as set out in Sections 5 and 6, highlighted in <i>bold italics</i>. ii. notes the timings for the 2022/23 round of CIF as set out in paragraph 6.1. iii. notes the funding available for the 2022/23 round of CIF in paragraph 6.2. |

3. STRUCTURE OF REPORT

- 3.1 This report is structured over the following sections:
- Section 4: Background
 - Section 5: CIF Governance and Decision Making 2022/23
 - Section 6: CIF 2022/23: Timescale and Process
 - Section 7: Conclusion

4. BACKGROUND

- 4.1 In 2018/19, the Council established a Community Investment Fund (CIF) as part of its commitment to devolve more decisions to local communities. Since then, £1.6m has been distributed in total to approximately 300 community-led projects.
- 4.2 In February 2022, the Council approved a further £100,000 in addition to the previously approved £300,000 for a further round of Community Investment Fund in 2022/23. This included an additional funding criterion relating to supporting community groups which are facing significant financial challenges as a result of rising energy costs. Including the small underspend from 2021/22 I, there is a grant pot of £410,665.79 for Community Investment Fund 2022/23.

5. CIF GOVERNANCE AND DECISION MAKING 2022/23

- 5.1 In November 2021, Committee approved [Report 21/222](#) which outlined proposed changes to how the CIF is managed. Following further work by officers, the following changes are recommended for CIF 2022/23:

5.2 Governance and Decision Making

Decisions on the use of CIF funds are currently made by Ward Panels, composed of elected members and community representatives from each electoral ward. The only exception is in Kinross-shire, where final decisions on the use of the funds are taken by the Kinross-shire Local Committee within its approved remit.

- 5.3 Given the anticipated level of interest in the CIF, to ensure that there is as quick decision making as possible, each ward panel is asked to determine which elected member is available to chair the Panel meeting. Panel meetings will be scheduled at least 4 weeks in advance.

- 5.4 ***It is proposed that when funded projects need to change deliverables or timescales for good reason and the total grant award is less than £3,000, the Ward Panel Chair is asked to approve the change, on the basis of assessment and advice of a Communities Team officer. Only proposed changes to grants over £3,000 would require approval from the whole Ward Panel.***

5.5 Impact on Outcomes

CIF was established to support community-led projects which have a positive impact on inequalities and quality of life in our communities. CIF projects have varied enormously in their scale and coverage. This has made assessment of their collective strategic impact (as set out in the Local Outcomes Improvement Plan) challenging.

- 5.6 To improve this and to streamline the monitoring process, ***it is also proposed to introduce a tiered monitoring system proportionate to the size of the project:***

| Tier | Proposed monitoring solution |
|---|---|
| 1 (project value less than £3,000) | Provide a summary of the overall impact of the project; number of beneficiaries and number of volunteers involved. |
| 2 (project value between £3,000-£9,999) | Demonstrate how the project has impacted against identified priorities of the LOIP and a range of quantitative evidence to support this (tailored to reflect the specifics of the grant purpose and based on assessment of deliverability and reasonable impact. |
| 3 (project value £10,000 or more) | Demonstrate how the project has impacted against identified priorities of the LOIP, any wider outcomes and evidence to support this. Qualitative evaluation alongside quantitative measures will be required, tailored to reflect the specifics of the grant purpose and based on assessment of deliverability and reasonable impact. |

- 5.7 Previous rounds of CIF have required successful applicants to complete a project monitoring form at 6 months and again at 12 months. As CIF has run to different timescales and sometimes multiple rounds in each financial year, this has also been complex to administer. To streamline this, ***it is proposed to apply the requirement for 6-month monitoring updates to projects of £10,000 and over. For all other projects, a report 12 months after they have received their funding will be required.***
- 5.8 CIF has provided funding to community-led projects for four years and the different rounds of funding have seen a growing number of bids from the same organisations. It is a requirement of the CIF that projects are time-limited or can be self-sustained longer term; ongoing revenue costs cannot be supported. Therefore, ***it is proposed that Ward Panels are asked to give extra weighting, at their local discretion, to applications from groups which have not previously received CIF funding.***

6. CIF 2022/23: TIMESCALE AND PROCESS

- 6.1 If approved, these changes would be implemented for CIF 2022/23, which will open for applications on Monday 12 September and close on Friday 4 November 2022. Ward Panels will meet to make decisions between Monday 14 November and Friday 16 December, with funding paid out to successful applicants from January 2023.
- 6.2 [Report 21/83](#) set out new arrangements for funding levels in each ward, which saw 50% of the committed funding being divided equally among all 12 multi-member wards and the remaining 50% split on the basis of the population of each ward. This ensures that there is a balance between more heavily populated wards receiving additional funding, whilst also ensuring that the less populated and more rural wards are not penalised. ***It is proposed that this distribution model is retained for 2022/23, which will result in the following funding being available across Perth and Kinross:***

| Ward | Base Fund | Population | Per Capita Top Up | 2021/22 Underspend | Total 2022/23 |
|-------------------------|-----------------|----------------|-------------------|--------------------|--------------------|
| 1 – Carse of Gowrie | £16,667 | 10,079 | £13,350 | £3,846 | £33,863 |
| 2 – Strathmore | £16,667 | 15,518 | £20,500 | £2,857* | £40,024* |
| 3 – Blairgowrie & Glens | £16,667 | 11,009 | £14,500 | £0 | £31,167 |
| 4 – Highland | £16,667 | 9,344 | £12,400 | £2,981 | £32,048 |
| 5 – Strathtay | £16,667 | 12,583 | £16,600 | £0.40 | £33,267.40 |
| 6 – Strathearn | £16,667 | 11,053 | £14,600 | £49 | £31,316 |
| 7 – Strathallan | £16,667 | 11,671 | £15,500 | £0 | £32,167 |
| 8 – Kinross-shire | £16,667 | 14,045 | £18,500 | £0 | £35,167 |
| 9 – Almond & Earn | £16,667 | 9,345 | £12,450 | £0 | £29,117 |
| 10 – Perth City South | £49,997 | 46,643 | £61,600 | £932.78 | £112,529.78 |
| 11 – Perth City North | | | | | |
| 12 – Perth City Centre | | | | | |
| TOTAL | £200,000 | 151,290 | £200,000 | £10,666.18 | £410,666.18 |

*£1,200 of this carryover has been agreed (in principle) for Year 2 of the CanDo Project being delivered by the Strathmore Community Hub, subject to grant conditions. Taking this into account funding available in Ward 2 will be £38,824.

7. CONCLUSION

- 7.1 The Community Investment Fund (CIF) invests in community-led projects which tackle inequalities and improve quality of life across Perth and Kinross. Governance and decision making has evolved since the first round of CIF in 2018/19 and further changes are proposed for 2022/23.
- 7.2 The 2022/23 CIF is the last round in the current form and Council will wish to consider proposals for its further evolution in the context of 2023/24 budget and the forthcoming new Council Corporate Plan. Alongside this, a Transformation Review of community engagement and empowerment has been scoped and will proceed later this year taking into account: the policy priorities of the Council; the changing external context, in particular the impact of cost of living and climate change on communities; and national policy aims including the 1% Community Choices programme.

Author(s)

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| David Stokoe | Service Manager – Communities | |

Approved

| Name | Designation | Date |
|----------------|----------------------------------|----------------|
| Barbara Renton | Executive Director (Communities) | 26 August 2022 |

- Appendix - None

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

| Strategic Implications | Yes / None |
|---|-------------------|
| Community Plan / Local Outcomes Improvement Plan | Yes |
| Corporate Plan | Yes |
| Resource Implications | |
| Financial | Yes |
| Workforce | None |
| Asset Management (land, property, IST) | None |
| Assessments | |
| Equality Impact Assessment | Yes |
| Strategic Environmental Assessment | Yes |
| Sustainability (community, economic, environmental) | Yes |
| Legal and Governance | None |
| Risk | None |
| Consultation | |
| Internal | Yes |
| External | None |
| Communication | |
| Communications Plan | None |

1. Strategic Implications

Community Plan/Single Outcome Agreement

- 1.1 Supporting and investing in community-led solutions to locally identified issues contributes to the delivery of the Perth and Kinross Community Plan / LOIP in terms of the following priorities:

- (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
- (v) Creating a safe and sustainable place for future generations

Corporate Plan

- 1.2 Supporting and investing in community-led solutions to locally identified issues contributes to the delivery of the Perth and Kinross Council Corporate Plan in terms of the following priorities:

- (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.

2. Resource Implications

Financial

- 2.1 Community Investment Fund has a budget of £410,666 for 2022/23.

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. Under the Climate Change (Scotland) Act 2009 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 There has been consultation with the Finance Department, Communities and the Executive Officer Team.

2. BACKGROUND PAPERS

- 2.1 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 a material extent in preparing the above report.