

**REPORT TO ABERDEENSHIRE COUNCIL – 22 NOVEMBER 2018**

**NON-HRA CAPITAL BUDGET 2018/19 MONITORING REPORT & CAPITAL PLAN 2018-2033 UPDATE**

**1. Recommendations**

**1.1 The Council is recommended to:-**

- i. Approve the revisions to the Capital Budget for 2018/19 referred to at Appendix 4 and the resulting expenditure of £115,142,000;**
- ii. Consider the financing and receipts detailed in Appendix 1, which will be used to fund the expenditure of £44,410,000;**
- iii. Approve the revisions to the Capital Budget for future years, as detailed in Appendices 1, 2, and 4;**
- iv. Approve the inclusion of Greenbanks Traveller Site in the Capital Plan, as detailed in paragraph 2.5;**
- v. Approve the revenue financing costs set out in paragraph 4.2.**

**2. Discussion**

2.1 The Capital Plan reflects the Council's capital priorities for the current year and future years. The nature of a Capital Plan is such that large projects can and will take longer to deliver than expected. Therefore, the Capital Plan forecast position will move throughout the year and it is important to view the Plan as a series of connected years rather than just individual financial years.

2.2 The overall position is summarised as follows:

	<b>3-Year Capital Plan Sub-Total</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Revised Budget (Full Council 27-9-18)	320,142	118,861	123,181	78,100
<b>Forecast Capital Exp (Appendix 4 for details of each financial year)</b>	<b>320,554</b>	<b>115,142</b>	<b>127,312</b>	<b>78,100</b>
<b>Total Financing</b>	<b>320,554</b>	<b>115,142</b>	<b>127,312</b>	<b>78,100</b>
<b>Variance From Revised Budget</b>	<b>412</b>	<b>(3,719)</b>	<b>4,131</b>	<b>0</b>

2.3 The variance between 2018/19 budgeted and forecast expenditure can be analysed as follows:

	<b>£,000</b>
Delays to planned expenditure	( 17,240)
Accelerations to Projects	2,692
Additional Approval	358
Funded from Grants	54
Optimism Bias	10,417
<b>Total Variance</b>	<b><u>( 3,719)</u></b>

- 2.4 Variations are detailed in Appendices 1 and 2. Appendix 1 summarises the position and Appendix 2 shows, in the column headed "Variance 2018/19", the movement for each budget. Where there is a significant variation from the revised budget, details are provided in a note in Appendix 3.
- 2.5 The Capital Plan Group considered a business case requesting funding to allow the upgrading of the Greenbanks Traveller Site to meet Scottish Government standards. The business case supporting the project demonstrates that this will be self-funding as the forecast income streams will meet the additional borrowing costs and new operating costs. On this basis, the Capital Plan Group has agreed to include this request within this report and that Council give their approval for additional capital funding of £358,000.
- 2.6 The Monitoring Officer within Business Services has been consulted in the preparation of this report and is satisfied that the report complies with the Scheme of Governance and relevant legislation.
- 2.7 All services have been consulted via the capital budget monitoring process and their comments and adjustments have been incorporated into this report, including the relevant appendices and supporting papers.

### **3. Scheme of Governance**

- 3.1 The Council is able to consider and take a decision on this item in terms of the general powers conferred by Section A of the List of Committee Powers in Part 2A of the Scheme of Governance. This report relates to revising the annual estimates of the Capital Budget agreed under Section A.8.1 of Part 2A.

### **4. Implications and Risk**

- 4.1 An Equalities Impact Assessment and a Town Centre Impact Assessment are not required for this report as the report deals with the monitoring of expenditure against budgets which have been approved previously and the reprofiling of some expenditure.
- 4.2 The revenue budgets for financing costs in 2018/19, 2019/20, 2020/21, 2021/22 and 2022/23 are £30,340,000, £34,336,000, £34,706,000, £34,800,000 and £35,459,000 respectively.
- 4.3 The charges against these budgets will come from the financing costs associated with debt outstanding at 31 March, 2018, plus the debt associated with capital spending in 2018/19 onwards.
- 4.4 There are no staffing implications that arise from this report.
- 4.5 The following Risk has been identified as relevant to this matter on a Strategic Level: Balancing the Books ([Directorate Risk Registers](#)).

NON-HRA CAPITAL BUDGET 2018/19 MONITORING & CAPITAL PLAN 2018-2033 UPDATE - 22 NOVEMBER 2018

APPENDIX 1

	Original Budget Full Council 8/2/18 2018/19 £000	Revised Budget 2018/19 £000	Forecast Outturn 2018/19 £000	Variance 2018/19 £000	Changes to Future Years £000	Note
<b>TOTAL PLANNED EXPENDITURE</b>						
Strategic Priorities	96,474	112,143	98,007	(14,136)	14,548	
Grants to Outside Bodies	2,087	3,285	3,285	0	0	
City Region Deal	4,560	13,850	13,850	0	0	
Optimism Bias	(2,729)	(10,417)	0	10,417	(10,417)	1
	<b>100,392</b>	<b>118,861</b>	<b>115,142</b>	<b>(3,719)</b>	<b>4,131</b>	
<b>FINANCING</b>						
Scottish Government						
- General Capital Grant	37,135	18,721	18,721	0	0	
- Specific Grant - Cycling and Walking	357	357	357	0	0	
- SFT Funding - Inverurie Community Campus	10,803	0	0	0	0	
- City Region Deal - SG Funding	0	11,400	11,400	0	0	
- 1140 Hours/Early Learning and Childcare Capital Funding	0	900	900	0	0	
- Kintore Station - Scottish Stations Fund	0	250	0	(250)	250	2
Other Grants	1,457	6,605	6,659	54	0	
- Kintore Station - Nestrans Contribution	0	2,062	970	(1,092)	1,092	2
Internal Financing						
- Capital From Current Revenue	2,278	2,233	2,233	0	0	
- Reserves and Medium Term Financial Strategy (City Region Deal)	4,560	0	0	0	0	
Sales	4,722	3,170	3,170	0	0	
	<b>61,312</b>	<b>45,698</b>	<b>44,410</b>	<b>(1,288)</b>	<b>1,342</b>	
Cash & Prudential Borrowing	39,080	73,163	70,732	(2,431)	2,789	3
<b>Total Financing</b>	<b>100,392</b>	<b>118,861</b>	<b>115,142</b>	<b>(3,719)</b>	<b>4,131</b>	

APPENDIX 2

	Original Budget	Forecast		Variance		Changes to Future Years	Note
	Full Council 8/2/18	Outturn	Outturn	2018/19	2018/19		
	2018/19	2018/19	2018/19	2018/19	2018/19	Years	
	£000	£000	£000	£000	£000	£000	
<b>PLANNED EXPENDITURE</b>							
<b>BUSINESS SERVICES</b>							
Development of Industrial Portfolio & Factory Units	5,341	5,400	2,000	(3,400)	3,400	4	
Cleaning (previously named Public Toilets)	115	200	150	(50)	50		
Information Communications Technology	1,450	1,557	1,557	0	0		
Legal and Governance System Software	0	72	72	0	0		
Buchan House - Police Office Extension	467	517	517	0	0		
Depots	5,352	6,123	3,677	(2,446)	2,446	5	
Health and Safety - Council Wide Objectives	500	1,129	500	(629)	629	6	
New Council Office (Previously on Plan as Workspace - Inverurie)	312	400	400	0	0		
Planned Maintenance - Council Wide Objectives	2,500	4,124	2,000	(2,124)	2,124	7	
Woodhill House - Complete Refurbishment	0	98	98	0	0		
Workspace	2,702	2,360	2,360	0	0		
Workspace - Saltoun Square Fraserburgh	0	1,635	1,635	0	0		
Carbon Reduction - Council Wide Objectives	800	996	996	0	0		
<b>Business Services Total</b>	<b>19,539</b>	<b>24,611</b>	<b>15,962</b>	<b>(8,649)</b>	<b>8,649</b>		
<b>COMMUNITIES</b>							
<b>Adult Social Work</b>							
Learning Disabilities - Adaptation Centres	70	207	132	(75)	75	8	
New Care Home (North)	250	200	20	(180)	180		
Social Work - Minor Works	73	183	183	0	0		
<b>Housing</b>							
Disabled/Elderly Housing Adaptations (Private Sector Housing Grant)	915	900	900	0	0		
<b>Sport &amp; Leisure Management</b>							
Banchory Sports Village (Community Sports Facility, Hill of Banchory)	6,024	7,939	7,939	0	0		
<b>Communities Total</b>	<b>7,332</b>	<b>9,429</b>	<b>9,174</b>	<b>(255)</b>	<b>255</b>		

APPENDIX 2

	Original Budget Full Council 8/2/18 2018/19 £000	Revised Budget 2018/19 £000	Forecast Outturn 2018/19 £000	Variance 2018/19 £000	Changes to Future Years £000	Note
<b>PLANNED EXPENDITURE</b>						
<b>EDUCATION &amp; CHILDREN'S SERVICES</b>						
Westfield Community Hub	0	30	30	0	0	
Portlethen/Hillside PS Causeymouth Road Upgrading Works	100	243	243	0	0	
1140 Hours Projects/Early Learning Childcare	0	900	900	0	0	
Children & Young Peoples Bill	805	2,700	2,500	(200)	200	9
ECS Enhancements	4,406	4,123	3,656	(467)	467	10
Improved Disabled Access ( Education)	400	711	711	0	0	
Inverurie Community Campus	23,036	353	353	0	0	
Kinellar Primary School	2,825	2,455	2,455	0	0	
Kintore Primary School	0	447	447	0	0	
Markethill PS Replacement	0	302	302	0	0	
PFI Lifecycle Replacement (CFCR)	2,233	2,233	2,233	0	0	
School Meals P1-P3	0	264	264	0	0	
Uryside Primary School	0	500	500	0	0	
Support for Learners	150	161	161	0	0	
<b>Education &amp; Children's Services Total</b>	<b>33,955</b>	<b>15,422</b>	<b>14,755</b>	<b>(667)</b>	<b>667</b>	

APPENDIX 2

	Original Budget Full Council 8/2/18 2018/19 £000	Revised Budget 2018/19 £000	Forecast Outturn 2018/19 £000	Variance 2018/19 £000	Changes to Future Years £000	Note
<b>PLANNED EXPENDITURE</b>						
<b>INFRASTRUCTURE SERVICES</b>						
<b>Planning</b>						
Access/Environment Projects	50	185	185	0	0	
<b>Roads, Landscape Services, and Waste Management</b>						
Harbours, Coast & Flooding	5,348	1,995	3,413	1,418	(1,418)	11
Stonehaven Flooding Scheme	0	4,553	1,738	(2,815)	2,815	12
Aberdeen Western Peripheral Route	0	18,673	18,673	0	0	
Aberdeen Western Peripheral Route (Funded from Nestrans)	0	14	68	54	0	
Bridges & Structures	2,635	2,801	2,950	149	(149)	13
Cycling and Walking	673	2,017	1,906	(111)	111	14
Drainage	0	1,000	1,000	0	0	
Nestrans Contribution	1,172	2,385	2,385	0	0	
Quarries	260	215	220	5	(5)	
Roads Resurfacing/Reconstruction	8,750	8,841	8,841	0	0	
Safety Initiatives	644	1,081	1,068	(13)	13	
Storm Frank Works Funded By Grant - Bridges and Flooding	0	544	544	0	0	
Street Lighting	1,400	2,100	2,043	(57)	57	
Landfill, HWRC	1,000	1,268	1,268	0	0	
Parks & Open Spaces	600	1,028	1,028	0	0	
<b>Transportation</b>						
Public Transport	3,916	3,375	738	(2,637)	2,637	15
Kintore Station	0	2,791	970	(1,821)	1,821	16
Vehicles	4,179	3,797	4,922	1,125	(1,125)	17
<b>Travellers Site</b>						
Greenbanks Travellers Site	0	0	358	358	0	18
<b>Burial Grounds</b>						
Burial Grounds	751	946	726	(220)	220	19
<b>Infrastructure Services Total</b>	<b>31,378</b>	<b>59,609</b>	<b>55,044</b>	<b>(4,565)</b>	<b>4,977</b>	

APPENDIX 2

	Original Budget Full Council 8/2/18 2018/19 £000	Revised Budget 2018/19 £000	Forecast Output 2018/19 £000	Variance 2018/19 £000	Changes to Future Years £000	Note
<b>PLANNED EXPENDITURE</b>						
<b>CITY REGION DEAL</b>						
Aberdeen Harbour Expansion (City Region Deal)	2,000	2,000	2,000	0	0	
Strategic Transport Appraisal (City Region Deal)	60	50	50	0	0	
Grant Funded Projects (City Region Deal)	0	11,400	11,400	0	0	
Digital Infrastructure (City Region Deal)	2,500	400	400	0	0	
<b>City Region Deal Total</b>	<b>4,560</b>	<b>13,850</b>	<b>13,850</b>	<b>0</b>	<b>0</b>	
<b>Capital Expenditure Accounted for in Revenue and Funded from Borrowing</b>	<b>6,357</b>	<b>6,357</b>	<b>6,357</b>	<b>0</b>	<b>0</b>	
<b>TOTAL PLANNED EXPENDITURE</b>	<b>103,121</b>	<b>129,278</b>	<b>115,142</b>	<b>(14,136)</b>	<b>14,548</b>	

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APPENDIX 3

Significant Variance Analysis

Note	Budget	Variance Revised Budget 2018/19 £,000	Narrative
1	Optimism Bias	10,417	Given the level of slippage already reported, to date, this financial year, it is considered prudent to remove the remaining Optimism Bias forecast.
2	Kintore Station - Neustrans Contribution and Scottish Stations Fund.	(1,342)	2018/19 Neustrans contribution of £1,092,000 deferred until 2019/20 in line with reduced expenditure budget. Variance note 16 refers. Scottish Stations Fund contribution of £250,000 also deferred to 2019/20 to match revised expenditure profile.
3	Cash & Prudential Borrowing	5,069	Reflects the increase in use of estimated Cash and Prudential Borrowing in 2018/19 of £5,069,000 due to the net effect of the variances reported, including the removal of the remaining Optimism Bias forecast.
4	Development of Industrial Portfolio & Factory Units	(3,400)	Expenditure on site developments not progressing in line with the programme as anticipated including a joint venture with a service company, or a leaseback project which has not yet progressed. As a result, budget amounting to £3,400,000 requires to be deferred to later years.
5	Depots	(2,446)	Projects at Inverurie and Mintlaw have been delayed due to planning issues with the site (Inverurie) and delays with the purchase of the site (Mintlaw). This means that budget amounting to £2,446,000 requires to be delayed to later years.
6	Health and Safety - Council Wide Objectives	(629)	A major electrical refurbishment of a care home has been deferred this year. A programme of works is currently being developed following recent discussions with Fire Scotland regarding additional fire risk assessments and related works in larger schools. Fire risk assessment related works already procured are, however, progressing. It is anticipated that £629,000 of budget will not be spent this year and will require to be delayed until 2019/20.
7	Planned Maintenance - Council Wide Objective	(2,124)	A small number of budget proposals involve contributions to wider construction programmes already committed and a small number, such as replacement windows at Turiff Academy, have been delayed. It is anticipated that £2,000,000 will be spent this year which means budget amounting to £2,124,000 requires to be deferred until 2019/20.
8	New Care Home (North)	(180)	Options are currently being investigated to achieve the best value solution. Budget amounting to £180,000 requires to be delayed until later years.
9	Children & Young Peoples Bill	(200)	Works on a number of projects restricted to school holiday periods or phased to suit school operational requirements. This has resulted in reprofiling of some projects and has resulted in the variance and means budget amounting to £200,000 requires to be delayed until 2019/20. Progress is anticipated to accelerate after the Easter break.
10	ECS Enhancements	(467)	A number of projects have been reprofiled to next financial year in order to minimise impact to the continued operation of the schools resulting in a change to the work programme and also means budget amounting to £467,000 requires to be deferred until 2019/20.
11	Harbours, Coast & Flooding	1,418	Scope of Works for Banff Harbour Railway Jetty increased to take advantage of contractor tendering undertaken for the upgrade works. Anticipated costs of North and East Pier upgrade works for each pier is likely to be in the region of £750,000 which hadn't originally been budgeted for in 2018/19. As a result budget amounting to £1,418,000 requires to be accelerated from 2019/20.
12	Stonehaven Flooding Scheme	(2,815)	For such a sensitive and high value contract the contractor pre-qualification process is rigorous. More tenders than initially envisaged have shown interest in winning the work and the assessment process has taken longer than planned. This has delayed the tendering process and therefore an element of the scheme costs amounting to £2,815,000 has been re-profiled into 2019/20.
13	Bridges & Structures	149	Increased costs resulting from the requirement to demolish Abbeyton Bridge means budget amounting to £149,000 requires to be accelerated from 2019/20.
14	Cycling and Walking	(111)	There are land acquisition issues relating to Cemetery Lane, Banff and works costs are unlikely to materialise this financial year. Design options for West High Street, Inverurie are still under consideration and delivery entirely in 2018-19 is now unlikely. Budget amounting to £111,000 requires to be deferred until 2019/20.
15	Public Transport	(2,637)	Elton Park & Ride has encountered delays which will carry over into 2019/20. Current timescale suggest construction won't materialise until February 2019. Delays have also been encountered with Oldmeldrum Interchange Hub, as the planning application submitted received objections. Land negotiations with National Trust for Scotland regarding the A93 Cranes Interchange Hub are not concluded which has delayed the construction. This means budget amounting to £2,637,000 requires to be delayed until 2019/20.
16	Kintore Station	(1,821)	A delay has been encountered in acquiring land that is required to progress the project. As a result, budget amounting to £1,821,000 requires to be deferred until 2019/20.
17	Vehicles	1,125	Significant re-profiling of predicted spend into 2019/20 due to procurement issues has proven to be overly pessimistic. Procurement timescales for vehicles remain at normal levels. The acceleration of budget amounting to £1,125,000 brought back into 2018/19 from 2019/20 brings spend forecast back to original Capital Plan budget.
18	Greenbanks Travellers Site	358	Self funding project that upgrades the amenity blocks at the site to meet the Scottish Government's physical and efficiency standards.
19	Burial Grounds	(220)	Boynide, Cairnbulg, Turiff, Tarland, Rhynde, Johnshaven land acquisitions are being progressed by Estates. At present there is no indication of completion dates. In addition Crosscoles, Laurencekirk planning application not approved. This means that budget amounting to £220,000 requires to be delayed until 2019/20.





