



REPORT TO: POLICY AND RESOURCES COMMITTEE 12 FEBRUARY 2019

SUBJECT: CAPITAL PLAN 2018/19

BY: CORPORATE DIRECTOR (CORPORATE SERVICES)

1. REASON FOR REPORT

- 1.1 To advise Council of the expenditure to 31 December 2018 under the capital plan for financial year 2018/19 and of the estimates of projected expenditure profiled into quarters.
- 1.2 This report is submitted to committee in terms of Section III (B)5 of the Council's Administrative Scheme relating to monitoring progress of projects in the approved capital plan including any revisions to the price or phasing on a quarterly basis.

2. RECOMMENDATION

2.1 It is recommended that the committee notes:

- (i) expenditure to 31 December 2018 of £16,076,000, as set out in APPENDIX 1;
- (ii) the current projected expenditure of £30,364,000 for 2018/19 profiled into quarters; and
- (iii) the projected overall expenditure for projects spanning more than one financial year, as set out in APPENDIX 2.

2.2 It is recommended that the committee approves:

- (i) proposed budget deferments of £4,280,000 arising from slippage and expenditure reprofiling from 2018/19 to 2019/20 and future years as detailed in paragraph 5.9.1 of the report;
- (ii) proposed budget savings reduction in 2018/19 of £681,000 as detailed in paragraph 5.9.2 of the report.

3. BACKGROUND

- 3.1 The capital plan for 2018/19 of £54,096,000 was approved by a meeting of Moray Council on 12 February 2018. Amendments approved by Council and by Policy and Resources Committee since this date have been incorporated to give a current approved capital plan for 2018/19 of £35,479,000. The current projected expenditure is £30,364,000, giving a projected underspend of £5,115,000.
- 3.2 Regular monitoring reports are provided to Policy and Resources Committee or to Council showing expenditure to date for each project and details of capital receipts received. Policy and Resources Committee on 10 May 2016 agreed to amendments to the information provided in response to the Audit Scotland report "Major Capital Investment in Councils". Accordingly this report includes a separate **APPENDIX 2**, giving details of expenditure on projects which span more than one financial year.

4. CAPITAL PLAN 2018/19

- 4.1 A copy of the capital plan is attached as **APPENDIX 1**, showing actual expenditure to 31 December 2018 of £16,076,000. Capital receipts of £414,000 from sale of assets are identified along with General Capital Grant of £18,228,000 from the Scottish Government and £196,000 of grant funding from the Strategic Timber Transport Scheme. The Council has utilised developer contributions of £16,000 for Elgin Transport Strategy, £148,000 for the purchase of car parking machines and £308,000 for Linkwood Primary School. Developer contributions of £265,000 have also been received in this financial year while repayments of contributions to developers of £299,000 have been made.
- 4.2 Expenditure on land and buildings to 31 December totals £8,957,000. The major items of expenditure are £2,546,000 for schools make-do-and-mend projects, £766,000 for the works to provide early learning and childcare facilities at Milnes Primary School, £4,598,000 for the new Lossiemouth High School and £657,000 for early learning and childcare expansion, mainly at Lady Cathcart centre in Buckie. The early learning and childcare expansion projects are funded by capital grant received from the Scottish Government. Works on the refurbishment of the 4 primary schools at Applegrove, Millbank, St Gerardines and Seafiel is complete and shows an underspend of £250,000 due to final actual costs being lower than earlier estimates.
- 4.3 Expenditure on infrastructure assets to 31 December totals £4,976,000. The major items of expenditure are £1,748,000 on carriageway resurfacing/reconstruction, £542,000 on timber traffic routes, £266,000 on bridges infrastructure, £235,000 on Elgin Transport Strategy, £382,000 on Buckie Harbour upgrades and £1,264,000 for street lighting (including £689,000 on new LED lighting).
- 4.4 Expenditure on vehicles, plant and equipment to 31 December totals £2,143,000. The major items of expenditure are £866,000 on the vehicle replacement programme; £283,000 on the purchase of an electric bus, funded through G-PaTRA and the Green Bus Fund; £148,000 on car parking machines, and £661,000 on the ICT Core Programme.

5. **PROJECTED OUTTURN**

- 5.1 Budget managers have been requested to update projected estimates of expenditure on capital projects in 2018/19. Projects are graded for confidence of achieving projected expenditure with high confidence rated as green, medium confidence as amber and low confidence as red. A summary of the ratings is given in the table below.

Risk status	RAG	No. of projects	Projected expenditure 2018/19 £000s
High confidence of spend to estimate	G	77	15,784
Medium confidence spend to estimate	A	14	12,443
Low confidence of spend to estimate	R	3	2,137
		<u>94</u>	<u>30,364</u>

- 5.1.1 The following projects are rated as Amber:

Project	Reason for rating	Para ref	£000s
4 Schools Refurb.	Final costs to be agreed	5.3.3	(250)
Lossie High School	Timing of complex project	5.3.5	9,439
EarlyLearning/C'care	Timing of various projects	5.3.7	900
Industrial Portfolio	Timing of various projects	5.5.1	183
Moycroft Waste Fac.	Timing of project	5.5.3	674
Recycling Facilities	Timing of project	n/a	91
Flood Allev.Schemes	Timing of expenditure	5.7.5	380
Portknockie Landslip	Timing of project	5.7.6	500
Buckie Harbour Imp.	Funding confirmation	5.7.8	526

- 5.1.2 The following projects are rated as Red:

Project	Reason for rating	Para ref	£000s
Linkwood Primary	Timing of complex project	5.3.4	1,200
Drainage Works	Tender pricing & winter weather	5.7.2	460
Elgin Transport Stratgy	Timing of schemes	5.7.4	477

- 5.2 A summary of the projected variances at December 2018 from the current approved capital programme, as detailed in **APPENDIX 1**, is set out below:

Description	Para ref	Underspend (Overspend) £000
Land & Buildings		
Schools Estate	5.3.1	35
Schools Fire Safety & Works from Audits	5.3.2	108
Schools for the Future – 4 schools refurbishment	5.3.3	250

Description	Para ref	Underspend (Overspend) £000
Lossiemouth High School	5.3.5	1,136
Elgin High School	5.3.6	(32)
Childcare Expansion	5.3.7	400
All Public Facilities	5.3.8	4
Complex Housing Needs Residential Facility	5.4.1	(37)
Industrial Portfolio	5.5.1	137
Dallachy Landfill Site	5.5.2	230
Multi-storey car parks waterproofing	5.5.4	114
Depot Maintenance Upgrades	5.6.2	110
Infrastructure		
Drainage and Other Works	5.7.2	300
Arthurs Bridge and Cloddach Bridge	5.7.3	90
Remote Footbridges	5.7.3	28
Portgordon Flood Risk Mgt	5.7.5	115
Lossie Seatown Flood Risk Mgt	5.7.5	134
Dallas Flood Alleviation Scheme	5.7.5	(24)
Newmill Flood Alleviation Scheme	5.7.5	78
Portknockie Landslip	5.7.6	1,245
Buckie Harbour replace life expired items	5.7.7	251
Burghead Harbour replace life expired items	5.7.7	250
Findochty Harbour replace life expired items	5.7.7	16
Plant & Equipment		
Swimming Pool Equipment	5.8.1	36
Vehicle Replacement Programme	5.8.2	151
Electric Bus	5.8.2	7
Upgrade containers at recycling centres	5.8.3	6
ICT Core Programme	5.8.4	44
MIJB OT stores stock system	5.8.4	(32)
CCTV Replacement	5.8.5	(35)
Total		5,115

5.3 Land and Buildings – Children & Young Peoples Services Committee

5.3.1 **Schools Make Do and Mend Programme** – A budget of £2,984,000 for Make Do and Mend projects is allocated across 5 schools in 2018/19: East End Primary, Cluny Primary, Forres Academy, New Elgin Primary and Andersons Primary, with minor expenditure for Keith Grammar, Speyside High and Hopeman Primary relating to final costs for prior year projects. Preliminary costs of £14,000 for drainage upgrades are anticipated in this financial year for works planned to commence on site in 2019/20 or later. An net budget saving of £49,000 is anticipated across the 2018/19 Make Do and Mend projects.

5.3.2 **School fire safety works** – The anticipated expenditure for fire safety and works from fire audits is now lower than budgeted and is estimated to cost £249,000 from the budget of £352,000, which represents a budget saving of

£103,000. Therefore it is requested that committee approve a budget reduction in this financial year of £103,000.

5.3.3 Schools for the Future – 4 schools refurbishment – Works are complete at all 4 primary schools included within this project, namely Applegrove, Millbank, Seafield and St Gerardines. The total budget for this project is £21.36m. The final account has recently been agreed with the contractor for all schools except Millbank. Final costs were estimated at the end of the last financial year, however current projections indicate that actual final costs will be lower than earlier estimates, with an expected underspend in this financial year of £250,000. This will be part of a saving of £1.41 million over the whole life of the project, as summarised in **APPENDIX 2**.

5.3.4 New Linkwood Primary School in South Elgin – The project to construct a new primary school in South Elgin has an approved budget of £12.8 million, including budget of £1,200,000 in this financial year. A significant risk for this project is that delivery of the school is reliant upon progress of the wider Elgin South Development. The Section 75 (planning agreement) has been signed and has now been registered. Planning consent for Linkwood Primary School was granted on 26 June 2018 with one planning condition outstanding. Construction is anticipated to commence in February 2019 with a completion date of 19 June 2020. Currently, the projected spend in 2018/19 is £1,200,000 and is rated as red for confidence of achieving this amount due to the complex nature of this major project. Based on the current projections, it is requested that committee approve the reprofiling of the budget for this project as detailed in the following table.

	2017/18	2018/19	2019/20	2020/21	Total
	Actual	Forecast	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000
Revised Profile	537	1,200	9,879	1,194	12,810

5.3.5 Lossiemouth High School – The project to construct a new secondary school in Lossiemouth has an approved budget of £42.3 million, to be funded by Government grant of £26.39 million with Moray Council funding the balance of £15.9 million. The early works commenced at the beginning of October 2018 and was an 8 week package. Due to these works being completed early, the Council agreed to bring forward some elements of the main works. The main contract was signed on 17 December 2018 at a final price of £41.819m. The project is still on target for completion by August 2020. Currently the projected spend in 2018/19 is £9,439,000 and is rated as amber for confidence of achieving this amount due to the complex nature of this major project. Based on the current projections, it is requested that committee approve the reprofiling of the budget for this project as detailed in the following table.

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000
Revised Profile	1,039	9,439	20,266	10,288	1,268	42,300

- 5.3.6 **Elgin High School** – Final costs of £32,000 have been incurred for the new Elgin High School. These costs relate to the completion of cycletrack provision and also to ICT network provision.
- 5.3.7 **Childcare Expansion projects** – Grant funding of £2,400,000 was received in August 2018 from the Scottish Government to support the expansion of entitlement of funded early learning and childcare to 1,140 hours from August 2020. When combined with prior year grant funding of £525,000, the 2018/19 budget allocation totals £2,925,000. The Scottish Government has confirmed that, although the grant funding is ring fenced, there is flexibility as to the financial year in which it may be used to fund the approved early years projects. £600,000 of this funding is now committed towards early years provision as part of the budget of £12.8 million for Linkwood Primary School. Currently it is anticipated that expenditure of £900,000 will be incurred in this financial year although this is rated as amber, as there are a number of separate projects within the budget heading. New provision at Lady Cathcart in Buckie has been completed, while layout proposals have been developed and planning applications made for new nurseries at Cullen and Pilmuir Primary Schools with a programmed start on site by the approved contractor in January 2019. It is requested that committee approve the deferment of budget of £400,000 from 2018/19 to 2019/20.
- 5.3.8 **All Public Facilities** – It is planned to expand the fitness room provision at Keith Sports & Community Centre by purchasing additional fitness equipment. The estimated cost of £16,000 will be funded by existing developer contributions of £12,000 with the balance of £4,000 funded from the public facilities budget. It is anticipated that there will be an increase in income of around £7,500 per year as a result of this change.

Overall, within this budget heading, a small underspend of £4,000 is anticipated.

5.4 **Land and Buildings – Social Care services**

- 5.4.1 **Complex housing needs** – The facility in Lhanbryde, which is operational, has incurred expenditure to date of £27,000 in 2018/19. There is no budget for this expenditure, which has not been approved by Committee. There are anticipated final costs for this project of £10,000 which results in total projected expenditure in 2018/19 of £37,000. This represents an overspend of £34,000 from the approved budget of £2,558,000, as detailed in **APPENDIX 2**.

5.5 **Land & Buildings – Economic Development & Infrastructure Services**

- 5.5.1 **Industrial Estates** – Industrial Estates projects include the purchase of land, provision of serviced sites, new units and refurbishment of existing units and estate roads. The acquisition of land in Forres and initial development work budgeted at £1,110,000 is now budgeted for 2019/20, with only design work scheduled for 2018/19, estimated to cost in the region of £30,000. This represents an underspend of £70,000 in this financial year. It is requested that committee approve budget deferral of £70,000 from 2018/19 to 2019/20. Works to complete serviced sites at March Road Buckie, budgeted at £150,000, are expected to cost £101,000, which represents a budget saving

of £49,000. It is requested that committee approve a budget reduction of £49,000. The budget of £150,000 for refurbishment of units at various locations in Moray is rated as amber for confidence of achieving this spend due to the uncertainty of the exact timing of the works. The latest projected expenditure for 2018/19 is £129,000, representing an underspend of £21,000. It is requested that committee approve a budget deferral of £21,000 from 2018/19 to 2019/20.

5.5.2 Dallachy Landfill Site – This project at Dallachy Landfill Site to construct and cap landfill cells and reinstatement is projected to spend £148,000 from the budget of £378,000. Due to inclement weather, it is likely that expenditure of £230,000 on capping will be delayed until 2019/20. Therefore it is requested that committee approve budget deferral of £230,000 from 2018/19 to 2019/20.

5.5.3 Integrated Waste Facility Moycroft– This project is to redevelop and consolidate waste facilities at Moycroft in Elgin and has an approved budget of £3,532,000 over a number of years. Following the tender process it is now expected that the project will show a budget saving of £500,000. Works on-site have now started with anticipated expenditure of £674,000 in this financial year, although the project is rated as amber to reflect uncertainty about the exact timing of expenditure over the life of the project.

5.5.4 Car Parks Waterproofing – Works to replace waterproofing and expansion joints at multi storey car parks in Elgin have now been postponed from 2018/19 to 2019/20 as these works cannot be carried out in winter weather. Therefore it is requested that committee approve budget deferral of £114,000 from 2018/19 to 2019/20 to reflect the updated works schedule.

5.6 Land & Buildings – Policy & Resources Committee

5.6.1 Legionella and Fire Risk Assessment – Assessments have taken place, and works resulting from these assessments are planned to be on budget.

5.6.2 Depot Upgrades – Works on Depot Maintenance projects arising from condition surveys, which includes works at Ashgrove Depot Elgin, Dufftown Richmond Depot and Waterford Road Forres Depot have been partly deferred to assist with the financial position of the Council. Expenditure of £66,000 is anticipated in this financial year from the budget of £176,000, relating mainly to the re-roofing and reconfiguration of Ashgrove portacabins and also preliminary fees for the works at other depots. Full refurbishment of the Ashgrove portacabins is not now viable due to the confirmation of asbestos in the cladding, resulting in a budget saving of £110,000. It is requested that committee approve a budget reduction of £110,000.

5.6.3 Energy Efficiency projects – This budget is planned to be fully utilised in 2018/19. Projects identified are installation of urinal controls throughout the school estate and the installation of utility sub-meters at 5 locations which are predicted to generate recurring savings of £18,000 per year.

5.7 Infrastructure

5.7.1 The majority of infrastructure projects are estimated to be on time and on budget during 2018/19.

- 5.7.2 Drainage & Other Works** – This budget includes an allocation of £300,000 for landslip remedial works at South Lodge on the A940. These works have now been deferred to 2019/20, therefore it is requested that committee approve budget deferral of £300,000 from 2018/19 to 2019/20. Planned works within this budget heading can also be affected by winter weather, therefore this budget is rated as red in terms of achieving the projected expenditure of £460,000.
- 5.7.3 Bridges – strengthening and replacement** – The project to install traffic lights at Arthurs Bridge has been delayed due to electricity supply issues with projected expenditure in 2018/19 of only £34,000 from the budget allocation of £114,000. Therefore it is requested that committee approve budget deferral of £80,000 from 2018/19 to 2019/20. The project at Cloddach Bridge budgeted at £10,000 is now projected to spend nil, but with the bridge weight limits continuing to be monitored. It is requested that committee approve a budget reduction of £10,000. The remote footbridges budget of £55,000 is now anticipated to spend £27,000 in this financial year with work on Findochty Bridge delayed into the next financial year. Therefore it is requested that committee approve budget deferral of £28,000 from 2018/19 to 2019/20 to allow for the works at Findochty Bridge.
- 5.7.4 Elgin Transport Strategy** – The Elgin Transport Strategy report was approved by Council on 9 August 2017. Expenditure of £235,000 has been incurred to date. £97,000 relates to refreshing the traffic model data for Elgin (Moray Council on 14 February 2018 paragraph 9 of the Minute refers). £138,000 relates to works carried out at South Street/Hay Street Junction part-funded by the use of developer contributions of £16,000, with the balance funded by the Council. The timings of schemes are uncertain because of scheme interdependencies and scheme funding, therefore this project is marked as red for certainty of achieving projected spend.
- 5.7.5 Flood Alleviation Schemes** – The initial study works for the Flood Risk Management project for Portgordon is complete with a drainage-only solution that will reduce the frequency of flooding at Portgordon. Full details of this proposal will be reported to a future meeting of Economic Development and Infrastructure Committee. The project is estimated to incur expenditure of £40,000 in 2018/19 and is rated as amber for confidence of achieving this projected figure. It is requested that committee approve budget deferment of £115,000 from 2018/19 to 2019/20.

The initial study works for the Flood Risk Management project at Lossiemouth Seatown is complete and the findings support a flood protection scheme for this area. Full details of the proposals for this area will be reported to a future meeting of Economic Development and Infrastructure Services Committee. The project is anticipated to spend £90,000 and is rated as amber for confidence of achieving this projected figure. It is requested that committee approve budget deferment of £134,000 from 2018/19 to 2019/20.

Final costs for Dallas flood alleviation scheme of £24,000 have been incurred, When added to the overspend of £39,000 reported to this committee on 28 June 2018, this results in a total overspend of £63,000 from the original budget of £300,000. The overspend is due to additional material processing required on site because of the quantity of large stones found during embankment works and land compensation costs higher than anticipated.

Newmill Flood Alleviation Scheme is projected to spend nil, giving a budget saving of £78,000, with any compensation claims now time barred. It is requested that committee agree to a budget reduction of £78,000. Potential land compensation payments remain as the principal outstanding issue for the flood alleviation schemes in Elgin, and Forres (River Findhorn & Pilmuir). Approved capital budget is held in current and future years for potential payments and the total projected expenditure for each scheme remains within the original budget allocations.

- 5.7.6 **Portknockie Landslip** – The contract for this work will be awarded before the end of January with the total cost of the project estimated at £1,500,000. This represents a budget saving of £245,000 from the approved budget of £1,745,000. Expenditure of £500,000 is anticipated in this financial year with expenditure of £1,000,000 anticipated in 2019/20. Therefore it is requested that committee approve a budget reduction of £245,000 in this financial year and also approve budget deferment of £1,000,000 from 2018/19 to 2019/20.

- 5.7.7 **Harbours – Life expired items and upgrades** – There is a rolling programme of works to replace life expired items and upgrade facilities at harbours in Moray. Current works at Buckie Harbour have been suspended until the Spring to reduce the risk of weather related damage and delays. Expenditure of £450,000 is anticipated in this financial year from the budget allocation of £701,000. There is potential for costs to rise due to the nature of work and environment. It is requested that committee approve budget deferment of £251,000 from 2018/19 to 2019/20.

Works at Burghead Harbour have been postponed until 2019/20 due to staff shortages and other priority projects. Expenditure of £8,000 has been incurred in 2018/19 from the approved budget of £258,000. It is requested that committee approve a budget deferment of £250,000 from 2018/19 to 2019/20.

On 27 October a number of the harbours in Moray sustained storm damage due to wave action. Due to the conditions in a marine environment, damage to structures can increase in severity very quickly, increasing the scope of work and associated cost required to repair them. To reduce the risk of escalating repair costs work is being undertaken to repair this damage as early as possible. Committee approval (Policy and Resources 27 November 2018 refers) was given to fund this expenditure from within existing budget allocations for harbours. Part of the budget of £61,000 originally allocated to Findochty Harbour is being used to fund the works which are currently anticipated to cost £45,000.

- 5.7.8 **Buckie Harbour Improvements** – The project to provide ice plant facilities and fuel tank facilities at Buckie is rated as amber, with spend being dependent on the successful application for external funding, which is currently in progress. At this stage it is unknown when any award will be confirmed and if there is potential for the deadline to be extended beyond March 2019.

5.8 Vehicles, Plant & Equipment

- 5.8.1 **Swimming pool equipment** – expenditure on replacement equipment, budgeted at £50,000, has been halted for the rest of this financial year as a result of the current financial position of the Council, with the projected expenditure now anticipated at £14,000. It is requested that committee approve a budget reduction in this financial year of £36,000.
- 5.8.2 **Vehicle & Plant Replacement Programme** - Due to the timing of orders from departments across the Council, it is possible to reduce the expenditure in this financial year to £1,788,000, which represents an underspend of £151,000 from the current budget of £1,939,000. Therefore it is requested that committee approve the deferment of budget of £151,000 from 2018/19 to 2019/20. The purchase of the electric bus incurred expenditure of £283,000, resulting in a small budget underspend of £7,000. It is expected that the Council will receive grant funding from the Hi-Trans Green Bus Fund for the full cost of the vehicle.
- 5.8.3 **Upgrade of containers at recycling centres** – A small underspend of £6,000 is anticipated under this budget heading. It is requested that committee approve a budget reduction of £6,000 in this financial year.
- 5.8.4 **ICT Programme** – ICT projects, budgeted at a total of £1,210,000, are projected to spend £1,166,000. Currently, the Digital Public Services budget is projected to spend £71,000 from the budget allocation of £86,000. It is requested that committee approve a budget reduction of £15,000 in this financial year. The Schools ICT strategy is anticipated to spend £260,000, this represents a saving of £29,000 due to a reduction in the number of interactive teaching boards required. It is requested that committee approve a budget reduction of £29,000 in this financial year.

There is unbudgeted expenditure of £32,000 for final implementation costs of the Moray Integration Joint Board Occupational Therapy stock system.

- 5.8.5 **CCTV System** – This project shows an overspend in 2018/19 of £35,000, giving total expenditure over a number of years of £91,000. The total budget for this project, across several years, was £60,000, resulting in a final overall overspend of £31,000, due to a requirement for the purchase of additional equipment to operate the entire system wirelessly across all CCTV locations in Moray. This was a spend-to-save project and annual revenue budget savings of £30,000 are now being achieved.
- 5.9.1 **Proposed budget deferments to 2019/20** – This report includes details of projects which have slipped or been deferred and therefore it is proposed to defer budget from 2018/19 to 2019/20 to reflect this fact.

A summary of the proposed budget deferments from 2018/19 to 2019/20 is listed below:

	Para ref	£000s
New Lossiemouth High School	5.3.5	1,136
Early Learning & Childcare Expansion	5.3.7	400
Industrial Estates Portfolio	5.5.1	91
Dallachy Landfill Site	5.5.2	230

	Para ref	£000s
Car Parks Waterproofing	5.5.4	114
Drainage & Other Works	5.7.2	300
Bridges	5.7.3	108
Flood Alleviation Schemes	5.7.5	249
Portknockie Landslip	5.7.6	1,000
Harbours	5.7.7	501
Vehicle Replacement Programme	5.8.2	151
Total		4,280

5.9.2 Proposed budget savings in 2018/19 – This report includes details of projects where budget savings have been identified. A summary of the proposed budget savings in 2018/19 is listed below:

	Para ref	£000s
Schools Fire Safety	5.3.2	103
Industrial Estates Portfolio	5.5.1	49
Depot Upgrades	5.6.2	110
Bridges	5.7.3	10
Flood Alleviation Schemes	5.7.5	78
Portknockie Landslip	5.7.6	245
Pool Equipment	5.8.1	36
Recycling Containers	5.8.3	6
ICT Core Programme	5.8.4	44
Total		681

6. RISK AND EMERGING ISSUES

- 6.1 Budget managers have been requested to identify any specific areas of risk for the projects in the Capital Plan for which they are responsible.
- 6.2 The main risk for the vehicle replacement programme is manufacturers failing to deliver to agreed timescales. This can impact on revenue by increasing repairs costs for vehicles due to be replaced.
- 6.3 Land compensation claims remain a risk for the major flood alleviation scheme at Forres.
- 6.4 Projects such as the new build Linkwood Primary School can be subject to risks which are outwith the direct control of the Council.
- 6.5 Poor weather conditions can impact project timescales, as identified for Roads Drainage works and harbours renovation works. Unplanned costs can be occasioned by bad weather events. The overall risk of expenditure to the

council has been minimised by planned prompt response in the case of recent weather damage at the harbours.

- 6.6 Lack of staff resources and staff turnover can impact on project timescales.
- 6.7 Other emerging work priorities can impact on scheduled works.
- 6.8 There is a potential risk to grant funding of the new Lossiemouth High School should the project not complete on time.
- 6.9 Some projects have been deferred in response to the council's financial situation. There is a risk that contract inflation might increase the eventual cost of these projects and a risk that any deferment of projects relating to asset condition might result in element failure.
- 6.10 No other project risks have been specifically identified by budget managers.

7. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Effective budget management is an essential component of delivery of Council priorities on a sustainable basis.

The capital plan is one of the vehicles through which the council's priorities can be delivered. The approved capital plan for 2018/19 and the outline ten year plan incorporates measures designed to address the Moray 2026 priorities of achievement and attainment by children and young people, adults leading safer lives and sustainable economic development.

(b) Policy and Legal

There are no policy or legal implications arising directly from this report.

(c) Financial Implications

The financial implications are highlighted within the report and Appendices 1 and 2 to the report.

(d) Risk Implications

Budget managers are aware of their responsibilities for managing budget allocations and approval for variance will be sought from committee in line with the financial regulations. Risks specific to items within the capital plan are highlighted in paragraph 6 of the report.

(e) Staffing Implications

There are no staffing implications arising directly from this report.

(f) Property Implications

There are no property implications arising directly from this report.

(g) Equalities/Socio Economic Impact

There are no equalities issues arising from this report.

(h) Consultations

All capital budget managers have been consulted in the development of estimated actuals as part of the preparation of this report. All Heads of Service and CMT have been consulted and any comments incorporated in the report.

8. CONCLUSION

8.1 Capital expenditure amounts to £16,076,000 to the end of December 2018.

8.2 Capital expenditure is currently projected to be £5,115,000 lower than the approved capital plan for 2018/19 of £35,479,000.

Author of Report: Douglas McLaren, Accountant
Ref: