



REPORT TO: MORAY COUNCIL EMERGENCY CABINET ON 1 JULY 2020

SUBJECT: 2020/21 CAPITAL PLAN UPDATE

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT & FINANCE)

1. REASON FOR REPORT

1.1 To update the Cabinet on the Capital Plan for 2020/21 and future ten years

1.2 This report is submitted to the Emergency Cabinet following a decision of Moray Council on 17 June 2020 to convene a meeting of the Emergency Cabinet as and when required until a new simplified Committee structure commences on 2 September 2020, due to the COVID-19 pandemic.

2. RECOMMENDATION

2.1 It is recommended that the Cabinet:

- (i) Approves the amended Capital expenditure for 2020 / 21 as set out in the revised indicative ten year capital plan in APPENDIX 1;
- (ii) Approves the detailed expenditure on areas falling within the remit of the Economic Development and Infrastructure Services Committee as set out in APPENDICES 2 to 5; and
- (iii) Notes that a more detailed review of the Capital Plan will be conducted and presented to Committee in December

3. BACKGROUND

3.1 The capital plan for 2020/21 of £42,319,000 was approved by a Special meeting of Moray Council on 3 March 2020 (paragraph 3 of the Minute refers)

3.2 The Council's Financial Regulations provide for service committees approving the detail of the capital plan for the areas under their remit before capital expenditure is incurred. Due to the timing of the lockdown and provisional arrangement thereafter, the detail of capital spend which would have been reported to Economic Development and Infrastructure Services Committee on 17 March 2020 remains unreported, The reports prepared for that committee

are appended to this report for Council's consideration, **APPENDICES 2 to 5**.

- 3.3 Because of the response to Covid-19 pandemic, there has been little capital expenditure incurred in the first quarter of 2020/21. Consequently an initial high level review of the capital plan has been carried out with budget managers to establish a quarterly spend profile for the 2020/21 capital programme and also to revise planned expenditure for the year where that is inevitable.
- 3.4 As a result of the Covid-19 pandemic and the delays and uncertainty which this has created, together with the additional pressure on officers' resources and time, the current revision is viewed as a holding report prior to conducting a fuller review in the coming months.. The revised plan, if approved, will be subject to a detailed review of the capital plan for the three years from 2020/21 to 2023/24 over the summer, with a proposed revised three year capital plan reported to Committee in December along with the estimated actuals for 2020/21.

4. CAPITAL PLAN 2020/21

- 4.1 A copy of the revised capital plan is included as **APPENDIX 1**. The revised capital plan for 2020 / 21 of £42,401,000 remains close to the budget presented on 3 March 2020. As a result of the Covid-19 pandemic, much of the original planned expenditure for Quarter 1 has been delayed into quarters 2 through 4 for 2020 / 21. However, a number of projects have had to be moved out entirely into future years. A summary of the movements is set out in the table below and details are discussed in paragraphs 4.2 to 5.3 of this report.

Service Area	Para	2020/21 £000s	Future Years £000s
Lands & Parks	4.3	(270) 10	270 (10)
Flood Risk Management	4.4 5.2	(184)	200 3,600
Industrial Portfolio	4.5	(30)	30
Transportation	4.7	264	
Libraries & Leisure	4.8	40	
TOTAL		(170)	4,090

- 4.2 ICT and Education have not altered their previous Capital plans as they are assessing how the Covid-19 crisis will impact their service and concentrating on supporting the Council in its recovery plans. These areas will be prioritised for the more detailed review scheduled for submission to Committee in December.

4.3 Land and Parks

As a result of the current situation impacting upon available time, a number of capital projects have been moved from 2020/21 into the following year. These

include: £100,000 for the replacement of Children's Play Park equipment; £50,000 for cemetery infrastructure; £100,000 for parks and open spaces infrastructure and £20,000 for operational work arising from tree survey. £10,000 has been pulled forward from 2022/23 for consultancy work in relation to cemetery provision.

4.4 **Flood Risk Management**

Due to resource issues impacting upon the department's ability to undertake the work in-house, the design and promotion budget of £184,000 for Lossiemouth Seatown flood risk management scheme has been delayed from 2020/21 to 2022/23 and increased to £200,000

4.5 **Industrial Portfolio**

As a result of delays due to Covid-19 the capital budget of land acquisition at Forres has been moved out by one year with the initial scope at a budget of £30,000 being moved into 2021/22 and the purchase of the land of £251,000 into 2022/23. It is too early to assess the impact of Covid-19 on the local property market but this should become clearer over the coming months and will be updated in the December report.

4.6 **Roads**

In the estimate of the financial impact of Covid -19 reported to Council on 17 June 2020, reference was made to the fact that due to slippage on the Council's road capital programme the Council would be unable to capitalise the amount budgeted for roads staff time spent on capital projects. The current recension of the plan indicates that the approved capital budget will be spent in full by re-profiling. If this is achieved then it removes the budget pressure of £1.6m noted in the report on the 17 June 2020. To deliver the capital plan in a truncated period and with the constraints which will be placed regarding social distancing will be challenging and it is anticipated that following detailed review there will be an element of slippage in the programme.

4.7 **Transportation**

The capital funding grant from the Scottish Government for CWSS (Cycling, Walking and Safer Streets) for 2020/21 has been increased from £157,000 as notified in finance circular 1/2020 on 6 February 2020 to £421,000 as notified by the Scottish Government in finance circular 2/2020 on 10 March 2020

4.8 **Libraries & Leisure**

Moray Council and Moray Leisure Centre, Fit-Life system merger using Gladstone at a cost of £39,600. This will allow for a better customer experience across the Fit-Life Scheme as members will be able to book online at either organisation's facilities.

5. **CAPITAL PLAN – SUBSEQUENT YEARS**

5.1 **Bridges**

As a result of deterioration quicker than originally anticipated, the capital spend on Arthur's bridge requires to be pulled forward by 3 years from 2027/28 to 2024/25. As a result of this, Foths Burn bridge and Cappies Hill

bridge repairs have been rescheduled from 2024/25 to 2026/27 to accommodate the demand on the services time from the work that will be required on Arthurs bridge.

5.2 **Flood Risk Management**

An oversight in the original capital plan meant that the food risk prevention scheme for Portessie was missed from the original capital plan. The feasibility study for this project has previously been carried out and agreed with Economic Development and Infrastructure Services Committee on 5 November 2019 (paragraph 10 of the Minute refers) to put forward for inclusion in the next Flood Risk Management Plan, which remains outstanding. Initial consultancy and scoping work scheduled for 2024/25 of £200,000 and the main work planned for 2027/28 at a cost of £3,400,000. This scheme will be subject to 80% grant funding from the Scottish Government.

5.3 **Industrial Portfolio**

The capital cost of £907,000 for the construction of new units at Forres has been moved out by a year from 2021/22 into 2022/23 to coincide with the purchasing of the land (see paragraph 4.5).

5.4 **ICT**

ICT are preparing a strategy on response and recovery from Covid-19 crisis. This will be reported to Council when developed. The service anticipates making a significant change in terms of our desktop strategy and will be moving away from virtual desktop technology / thin clients to a position where most staff will have a laptop as this ensure greater flexibility for working between the office and at home – and also helps with the constraints that will be in place in the office in order to maintain social distancing. An impact of moving to this strategy will be the replacement cycle will shorten from 7 years to 5 years

5. **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 2020/21 and the outline ten year plan incorporate 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 **APPENDIX 1** 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 Council in line with the financial regulations.

(e) Staffing Implications

There are no staffing implications arising directly from this report

(f) Property

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 and preparation of this report. All Heads of Service and the Corporate Management Team have been consulted and any comments incorporated in the report.

7. CONCLUSION

7.1 Amendments to the capital plan amounting to a reduction in 2020/21 of £170,000 and increase in future years of £4,090,000 (subject to capital grant funding of £2,720,000 from the Scottish Government for £3,400,000 of the additional expenditure) are recommended in this report, which also is the vehicle for approval in detail of budget headings within the remit of the Economic Development and Infrastructure Service Committee

7.2 Due to the disruption caused by the Covid-19 pandemic this update to the Capital Plan for 2020/21 and subsequent ten years should be viewed as an interim holding report and a more detailed review will be conducted and reported to Committee in December.

Author of Report: Paul Connor, Principal Accountant
Background Papers:
Ref:

