



REPORT TO: MORAY COUNCIL ON 29 JUNE 2022

SUBJECT: CAPITAL PLAN 2021/22

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

1. REASON FOR REPORT

- 1.1 To inform the Council of the expenditure to 31 March 2022 under the capital plan for financial year 2021/22 and to recommend budget adjustments for inclusion in the Capital Plan for 2022/23 and future years.
- 1.2 This report is submitted to Committee in terms of Section III (B) 5 of the Council's Scheme of Administration 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 Council:

- (i) considers and notes expenditure to 31 March 2022 of £31,018,000 as set out in APPENDIX 1;**
- (ii) considers and notes the projected overall expenditure for projects spanning more than one financial year, as set out in APPENDIX 2; and**
- (iii) approves carry forwards and amendments to 2022/23 and future years totalling an increase of £7,688,000 in 2022/23, a reduction of £6,050,000 in 2023/24 and an increase of £1,779,000 in 2024/25 as detailed in sections 4 and 5.**

3. BACKGROUND

- 3.1 The capital plan for 2021/22 of £37,322,000 was approved by a meeting of Moray Council on 3 March 2021 (paragraph 3 of the minute refers). Amendments approved by the Council at its meeting on 30 June 2021 (paragraph 17 of the minute refers), the meeting of Economic Growth, Housing and Environmental Sustainability on 24 August 2021 (paragraph 7 of the minute refers), the meeting of Corporate Committee on 30 November 2021 (paragraph 7 of the minute refers) and by the meeting of Moray Council

on 23 February (paragraph 7 of the minute refers) have been incorporated to give a current approved capital plan for 2021/22 of £44,409,000. Previous capital monitoring reports in 2021/22 have highlighted a low level of confidence that capital budgets would be spent, due to significantly extended delivery times for ICT equipment and vehicles and wider issues in the construction industry. Council on 23 February 2022 (paragraph 7 of the Minute refers) noted that the total plan should be viewed as maximum spend rather than an accurate estimate, given these problems, and that has been reflected in the out-turn for 2021/22.

- 3.2 Quarterly monitoring reports are made to the Corporate Committee or to Council, depending on the timing of meeting, showing expenditure to date for each programme or project included in the capital plan and details of capital receipts received. As agreed by Policy and Resources Committee on 10 May 2016 in response to the Audit Scotland report “Major Capital Investment in Councils” (paragraph 7 of the Minute refers), monitoring reports include a separate **APPENDIX 2**, giving details of expenditure on projects which span more than one financial year.

4. **CAPITAL PLAN 2021/22**

- 4.1 A copy of the capital plan for 2021/22 is included as **APPENDIX 1**. Expenditure to 31 March 2022 of £31,018,000 has been funded by General Capital Grant of £8,985,000 from the Scottish Government and other grants and contributions of £5,614,000, as listed below, with the balance of £16,419,000 funded by borrowing.

Grant/Contribution	Amount £000s	Source
Cycling, Walking, Safer Streets (CWSS)	420	Scottish Government
Moray Growth Deal – Digital Health	947	Scottish Government
Place Based Investment	770	Scottish Government
Lossiemouth Bridge Replacement	1,624	Scottish Government
LCTT (Low Carbon Travel & Transport) Claims	355	Scottish Government
Car Charge Point Upgrades	27	Scottish Government
Early Learning & Childcare Expansion (use of Revenue Funding)	550	Scottish Government
Switched on Fleet & Charge Points	152	Energy Saving Trust
Rural Tourism Infrastructure Fund	556	Visit Scotland
Accident Damage	73	Scottish Water
3G Pitch Refurbishment	75	Scottish Football Association
Moray Growth Deal – Cultural Quarter	48	Horizon Scotland
Use of Developer Contributions	15	Various
Other Income	2	Various
TOTAL	5,614	

- 4.2 A summary of the variances of expenditure from approved budget at the year end is set out in the table below and discussed in more detail in the noted paragraphs.

Description	Paragraph	Underspend (Overspend) £000s
Land and Buildings		
Schools BB Works	4.4	208
Lossiemouth High School	4.5	608
Linkwood Primary School	4.6	(11)
Findrassie Primary School	4.7	188
Glassgreen Primary School	4.8	20
Misc School Works arising from Legislative Requirements	4.9	15
Schools Accessibility	4.10	11
Leisure Facilities	4.11	59
4 Schools Refurbishment Project	4.12	(8)
Early Learning and Childcare	4.13	(1,198)
Town Centre Initiative Fund	4.14	1,388
Moray Growth Deal	4.15	1,277
Nature Restoration Fund	4.16	10
Economic Recovery Plan – Industrial Estate Forres & Speyside	4.17	30
Place Based Investment	4.18	559
Replace Waterproofing at Car Parks	4.19	493
Dallachy Landfill Site	4.20	606
NESS Energy from Waste Plant	4.21	5,508
Moycroft Recycling Centre	4.22	(290)
Industrial Portfolio – Various Projects	4.23	32
Cemetery Provision in Moray	4.24	46
Parks and Open Spaces – Infrastructure	4.25	59
Energy Efficiency Projects	4.26	4
Other Land and Buildings	4.27	38
Infrastructure		
Road Safety	4.29	(11)
New Road Signs and Markings	4.30	21
Road Safety Barrier Provision	4.31	114
Road Safety Provision	4.32	229
Road Improvements – Resurfacing	4.33	117
Other Road Improvements	4.34	372
Portknockie Landslip	4.35	14
Street Lighting	4.36	326
Bridges	4.37	175
Wards Roads Junction Improvements	4.38	(16)
LCTT Upgrade (Speyside Way)	4.39	(25)
Harbours – Replacement of Life Expired Elements	4.40	575
Harbours – Findochty Pontoons	4.41	88
Harbours – Economic Development	4.42	18
Flood and Coastal Protection	4.43	(1)

Description	Paragraph	Underspend (Overspend) £000s
Vehicles, Plant and Equipment		
Swimming Pool and Leisure Equipment	4.45	11
Moray Leisure Centre Plant and Equipment	4.46	(3)
CO2 Monitors	4.47	(2)
Vehicle & Plant Replacement Programme	4.48	1,032
Facilities Management Equipment	4.49	(2)
Traffic Data Collection Equipment	4.50	6
Traffic Signal Replacement	4.51	5
Orchard Road Signal	4.52	6
Domestic & Trade Waste Bins	4.53	(15)
Upgrade of Recycling Centre Containers	4.54	3
Upgrade Recycling Centres	4.55	13
Chemical Waste Disposal Points	4.56	15
Children's Play Areas	4.57	(5)
ICT Capital Programme	4.58	653
Corporate Office Furniture	4.59	10
Committee Services Hybrid System	4.60	2
Total		13,391

Land and Buildings

- 4.3 The capital plan included budget provision of £28,230,000 for expenditure on land and buildings. Actual expenditure totalled £18,578,000, a shortfall of £9,652,000, of which £5,508,000 is attributable to one project (NESS energy from waste). The detail of this is set out below.
- 4.4 **Schools BB Works** – This work programme currently addresses elements of schools in Condition D which if they failed would result in a school closure. Works are generated on a reactive basis. The outturn for the year was £4,447,000 against a budget of £4,655,000, an underspend of £208,000. The main reason for the underspend was due to delays to Burghead Primary School heating and pipework replacement whilst the potential for using waste heat from a local distillery was investigated and to Milnes High School roofing upgrade, where work was delayed following a detailed inspection which revealed a greater extent of replacement than originally anticipated, which requires a detailed plan to be produced and agreed. Design work on other projects identified by the maintenance team was undertaken to minimise the overall underspend. It is recommended that the underspend of £208,000 is carried forward to 2022/23 to allow the completion of phased work already begun and as a contingency for increased costs of construction since the budget was approved.
- 4.5 **Lossiemouth High School** – This project outturned £3,239,000 against a budget of £3,847,000, an underspend of £608,000. This underspend is a result of a delay to the completion of Phase 3 of the project, which includes the artificial pitch and the new pedestrian access footpath, due to a delay in the installation of CCTV at the artificial pitches. It is recommended that the underspend is carried forward to 2022/23. The conditions of the contract entitled the contractor to recover reasonable costs due to the delays experienced following the Covid-19 government restrictions. To date

£932,000 has been paid for these costs in relation to the three phases of the project. The Scottish Government was contacted in 2021 to request assistance with the additional costs and it was hoped that a resolution would be reached by 31 March 2022 but the Council still awaits a response to the claim. This project was supported by Scottish Government funding.

- 4.6 **Linkwood Primary School** – This project shows unbudgeted spend in 2021/22 of £11,000, due to change requests during the project and soft landscaping works carried out after the last valuation payment of the project. This is in addition to the overspend reported in 2021/22, mainly due to covid-related costs. The conditions of the contract entitled the contractor to recover reasonable costs due to the delays experienced following the Covid-19 government restrictions and £365,000 has been paid for these costs. The Scottish Government was contacted in 2021 to request assistance with the additional costs and it was hoped a resolution would be reached by 31 March 2022 but the Council still awaits a response to the claim. This project has been funded entirely by Moray Council.
- 4.7 **Findrassie Primary School** – Stakeholder consultation on this project to build a new primary school within Elgin Academy Associated School Group (ASG) has been completed. Procurement options are currently being evaluated with the Scottish Procurement Alliance and Hubco North. The time required to recruit staff to the Learning Estate team and arrange for the consultation process has delayed progress on this project and resulted in an underspend of £188,000 against a budget in 2021/22 of £198,000. It is recommended that £50,000 is carried forward to 2022/23 to cover the expected cost of design work.
- 4.8 **Glassgreen Primary School** – The Moray Council on 30 June 2021 (paragraph 17 of the minute refers) approved bringing forward £40,000 from future years of the capital plan to fund the cost of investigation of two potential sites for a new Glassgreen Primary School. Investigation was only required at one site and there was therefore an underspend of £20,000. No carry forward is recommended.
- 4.9 **Miscellaneous School Works Arising from Legislative Requirements** – Works in schools arising from legionella inspections were delayed due to access restrictions arising from covid precautions and a spend of £4,000 recorded against budget of £15,000. Works in schools arising from fire safety inspections cost £221,000 against a budget of £225,000, with a minor delay at one school resulting in works being carried out during the Easter holiday period. No carry forward is recommended as it is considered that works in 2022/23 can be contained within budget.
- 4.10 **Schools Accessibility** – The Council budgets annually for £40,000 for adaptations to schools to enhance accessibility for disabled pupils. In 2021/22 expenditure was £29,000, with the underspend of £11,000 due in part delayed delivery of equipment from Eastern Europe. It is therefore recommended that £5,500 of the underspend is carried forward to 2022/23 to fund the equipment and its installation, without impacting on the programme of works planned for 2022/23.

- 4.11 **Leisure Facilities** - Condition surveys of the Council's leisure facilities were delayed due to specialist contractor availability, resulting in no spend against the £60,000 budget. No carry forward is recommended as there is already provision in the capital plan in 2022/23 to cover this cost. A small amount of unbudgeted spend was incurred to refurbish the 3G pitch at Milnes High School for works that were carried out in 2020/21 but not fully complete and so payment was made in 2021/22.
- 4.12 **4 Schools Refurbishment** – This expenditure is the final invoice for consultants fees for this project, which had been disputed. Although this is showing as an overspend in the 2021/22 financial year, the overall project will still come in under budget as the budget for the project over the 4 year taken to complete (2014/15 to 2017/18) was underspent by £2,508,000 at 31 March 2021.
- 4.13 **Expansion of Early Learning and Childcare (ELC) Provision** – The ELC capital programme included 4 new build nurseries and 7 refurbishments. All new build projects are complete (as are the refurbishments) with the exception of Aberlour. Works at Aberlour have been put on hold in order that option appraisals can be carried out and a recommendation regarding additional budget following initial options appraisal is included in paragraph 5.12. The programme of works for 2021/22 was partly funded by the transfer of Scottish Government revenue funding to the Capital Plan and is showing an overspend of £1,198,000 with no remaining revenue funding available to fund the shortfall. This overspend will be the subject of a post project review, which is currently being carried out and will be reported after the recess.
- 4.14 **Town Centre Initiative Fund** – This project, the aim of which is to encourage town centres to diversify to increase footfall through local improvements and partnerships, and is 100% funded by Scottish Government Funding, was underspent by £1,388,000. The reasons for this underspend are delays to projects as a result of the pandemic, and supply chain issues. The Scottish Government has confirmed that the grant funding can be retained to meet the delayed expenditure so it is recommended that the full underspend of £1,388,000 is carried forward to 2022/23 to be met by grant funding carried forward.
- 4.15 **Moray Growth Deal** – The full business case of the Digital Health Project has been approved and the expenditure profile per the business case has been included in the capital plan. Expenditure in 2021/22 was £947,000 and government funding was drawn down to match. Expenditure on other projects is at project lead risk until full business cases are approved. This has been factored into capital planning with £4m held in reserves to offset borrowing and other costs. There has been no spend on projects led by the Council and it is recommended that the underspend of £1,277,000 is carried forward to 2022/23 to enable projects to progress..
- 4.16 **Nature Restoration Fund** – The Nature Restoration Fund Scottish Government funding for actions which help nature recover Funding is included in the General Capital Grant. The Council's share of the funding was £101,000 and there was expenditure of £91,000, an underspend of £10,000. Tenders for some of the planned works came in lower than expected. Further

funding for this has been confirmed for 2022/23 so no carry forward is recommended.

4.17 Economic Recovery Plan

Two projects are included under the Economic Recovery Plan: industrial estates extension in Forres and Speyside. Budget of £15,000 was included in 2021/22 for initial design work at Forres. However this work was delayed due to discussions with Highlands and Islands Enterprise about partnership working on this project. It is recommended that the underspend of £15,000 be carried forward so that the design work can be progressed once the discussions have completed. Budget of £15,000 was also included in 2021/22 for initial design work at Speyside. This has also been delayed, due to negotiations with the landowner of the site identified for development. It is recommended that the underspend of £15,000 be carried forward to enable this work to progress following completion of the negotiations.

4.18 Place Based Investment Programme – The Scottish Government has established a Place Based Investment Programme, with the stated aim of ensuring that local investment is relevant to local communities for the benefit of local people. At a meeting of Moray Council on 30 June 2021 (paragraph 27 of the minute refers) the funding of £770,000 was allocated to projects and £211,000 has been spent by 31 March 2022. Property acquisition negotiations were underway but had not completed by 31 March 2022. Per the conditions of the grant the Council is allowed to carry forward any committed amount to 2022/23 to allow the work to complete. Carry forward of any additional free balance would require Scottish Government permission and this will be sought.

4.19 Replace Waterproofing at Car Parks – This budget heading incurred expenditure of £349,000 against an amended budget of £842,000, resulting in an underspend of £493,000. This underspend was due in part to a low tender return for the waterproofing works at Batchen Lane Car Park and in part to part of the required work being outstanding at the year end. There are still concrete repairs and resurfacing works required at Batchen Lane and lighting works at Cooper Park, therefore it is recommended that £300,000 is carried forward to 2022/23 to undertake these works.

4.20 Dallachy Landfill Site – This project outturned £199,000 against a budget of £805,000, an underspend of £606,000 due to delays in starting the works to cap Phase 7b of the site. Timing of capping and reinstatement is wholly dependent on waste volumes and the expiry of void capacity within a cell, and a cell can only be capped when optimum height has been achieved. Phase 7b reached optimum height in December 2021 which was later than originally anticipated due to lower volumes of waste being landfilled. Tender documents were prepared and work commenced on site in May 2022. It is therefore requested that the underspend of £606,000 be carried forward to 2022/23 to fund this work.

4.21 NESS Energy from Waste – This project outturned £6,332,000 against a budget of £11,840,000, an underspend of £5,508,000. Ongoing issues stemming from the Covid pandemic, pressures within the global supply chain and labour shortages experienced by the contracting company have resulted

in delays to the build of the plant. It is requested that the full underspend of £5,508,000 is carried forward to 2022/23. Completion is now expected to be late in 2022/23 financial year, however it is not anticipated at this juncture that this delay will have an impact upon the overall capital budget of the project.

- 4.22 **Moycroft** – Unbudgeted costs of £283,000 have been incurred on the new Moycroft Recycling Centre depot. £200,000 is the final invoice from the contractor which is subject to verification by the Council's Quantity Surveyors. The Council's insurers required purchase of fire suppression systems for plant at the Centre at a cost of £30,000. The other costs were for works carried out in 2020/21 but not notified for accrual. In addition, unbudgeted expenditure of £7,000 has been incurred on a potential replacement Household Waste Recycling Centre (HWRC) for Elgin. This sum is internal staff time preparing a bid to Zero Waste Scotland for funding towards this project and will be funded from the grant if the bid is successful.

4.23 **Industrial Portfolio**

Upgrades of roads in the Industrial Estate portfolio have been delayed due to difficulties in securing contractors to undertake the work. It is therefore recommended that the underspend of £10,000 is carried forward so the required work can progress.

Land Acquisition Forres- Purchase of land in Forres to expand the Industrial Estate provision has been delayed due to staffing pressures. It is therefore recommended that the underspend of £30,000 be carried forward to enable this to be progressed in 2022/23.

Moray Council on 23 February (paragraph 7 of the minute refers), approved to carry forward £97,000 of the budget for refurbishment of industrial units to 2022/23. However, works were able to be carried out quicker than anticipated, resulting in an overspend of £8,000 in 2021/22. It is recommended that the budget for 2022/23 is reduced by this amount.

4.24 **Cemetery Provision in Moray**

Expenditure on the provision of a new cemetery in Elgin was £2,000 against an amended budget of £20,000. There have been delays in progressing this project due to negotiations regarding the acquisition of land. It is recommended that the full underspend of £18,000 is carried forward to enable the purchase to conclude and the project to progress. It is also requested the profiling of the project expenditure is amended to reflect the delays. This would give a budget of £60,000 in 2022/23 and £1,710,000 in 2023/24.

Net expenditure on cemetery infrastructure was £72,000 compared to the budget of £100,000. The Council received funding from the Scottish Government from the Nature Restoration Fund (per paragraph 4.16 of this report) and the works to create a 'rain garden' at Clovenside Cemetery met the criteria of this funding and it was therefore used to fund this, creating an underspend on this heading. No carry forward is recommended.

- 4.25 **Parks and Open Spaces Infrastructure** – This project outturned £41,000 against an amended budget of £100,000. The Council received funding from the Scottish Government for Cycling, Walking, Safer Streets (CWSS) and some of the works on footpaths met the criteria of this funding and it was therefore used to fund this, creating an underspend on the heading of £59,000. No carry forward is recommended.

4.26 Energy Efficiency Projects

Budgeted spend of £197,000 was split between £173,000 for the replacement of lights in various Council buildings with LED lights (an on-going programme of work) and £24,000 allocated to other projects. There were difficulties in securing contractors for these projects and vacant posts in the Energy team contributed to a lack of spend

The LED Lighting project outturned at £193,000 as additional properties were included in the programme, which is a spend-to-save initiative. It is not recommended that the net underspend of £4,000 is carried forward.

4.27 Other Land and Buildings

Corporate Legionella/Fire Safety Works – No expenditure was incurred against this budget of £40,000, resulting in an underspend. Due to Covid restrictions in the year it was not possible for staff to access buildings in order to carry out Fire Risk Assessments. No carry forward is recommended as a programme of works will not be developed until the assessments have been carried out.

Forres House Community Centre Roof – The small amount of unbudgeted expenditure against this project is due to the final retention payment for the project which was carried out in 2020/21.

Ashgrove Depot Portacabins - The small amount of unbudgeted expenditure against this project is due to the final retention payment for the project which was carried out in 2020/21.

Infrastructure

4.28 The capital plan included budget provision of £11,146,000 for expenditure on infrastructure. Actual expenditure totalled £9,136,000, an underspend of £2,010,000. The detail of this is discussed below.

4.29 Road Safety Disability Adaptations - £46,000 spend was incurred on this project against a budget of £35,000, resulting in an overspend of £11,000. Following the quarter 1 capital monitoring report to Economic Growth, Housing and Environmental Sustainability Committee on 24 August 2021 (paragraph 7 of the minute refers) it was agreed that £26,000 could be carried forward to 2022/23 as at that time an underspend of £26,000 was forecast. However, since then demand for the provision of disabled parking and dropped kerbs has increased it is recommended that the budget in 2022/23 be reduced by £11,000 to reflect work expedited in 2021/22.

4.30 New Road Signs and Markings – This heading outturned £61,000 against a budget of £82,000, an underspend of £21,000. Various delays were experienced which resulted in the implementation of some works being delayed and not completed by 31 March and it is therefore recommended to carry forward the £1,000 to allow the delayed work to be completed.

4.31 Road Safety Barrier Provision – This heading had actual spend of £71,000 against a budget of £185,000, resulting in an underspend of £114,000. Due to training issues not all work was able to be undertaken. This has now been completed and works can be progressed so it is requested that the full underspend of £114,000 be carried forward to allow this to take place.

- 4.32 **Road Safety Provision** – This heading outturned £18,000 against a budget of £247,000, an underspend of £229,000. Projects were deferred to enable expenditure of Cycling, Walking, Safer Streets grant funding by the end of the financial year. A 10 year plan for Road Safety schemes is in the process of being developed and will be reported as part of the financial planning process. No carry forward is recommended.
- 4.33 **Road Improvements Resurfacing** – This heading saw an actual to 31 March of £3,339,000 versus a budget of £3,456,000, an underspend of £117,000. During the year a scheme that was planned was cancelled and there was insufficient time to plan and serve streetwork notices for the reserve schemes, due to the statutory requirement for a three month notice period. It is therefore recommended that £117,000 is carried forward to 2022/23 to enable the reserve projects to be completed.
- 4.34 **Other Road Improvements** – This heading includes Drainage and Other Works, Footways and Kerb Edge Replacements and outturned £438,000 against a budget of £810,000, an underspend of £372,000. A number of operational staff vacancies meant that work was not able to be completed due to insufficient resources. No carry forward is recommended.
- 4.35 **Portknockie Landslip** – This project has an underspend of £14,000 which was caused by the cost of reinstatement works being less than predicted. No carry forward is required.
- 4.36 **Street Lighting** – Expenditure on street lighting projects was £368,000 against an amended budget of £694,000, an underspend of £326,000. A number of operational staff vacancies meant that work was not able to be completed. It is recommended the underspend of £100,000 relating to the LED Lighting project is carried forward to allow this spend-to-save project to be completed in 2022/23.
- 4.37 **Bridges** – After the Capital Plan for 2021/22 was approved, the Council received funding from the Scottish Government from the Local Bridge Maintenance Fund for works at specified bridges. Planned works were revised to reflect the grant funding requirements. The final budget for upgrade of bridges was £2,823,000 and expenditure totalled £2,648,000, an underspend of £175,000, as detailed below.

Project	Budget £000s	Actual £000s	Variance £000s	Reason for Variance
Cloddach Bridge	45	67	(22)	Following inspection of the bridge the extent of the damage to the bridge was found to be worse than originally estimated.

Project	Budget £000s	Actual £000s	Variance £000s	Reason for Variance
Foths Burn Bridge	160	97	63	Savings were made during this project, which is now complete. It is recommended that the underspend be carried forward to allow the Shougle Bridge, the cost of which has increased, to be completed.
Cappies Hill Bridge	48	1	47	The budget for this project was developed assuming that additional features would be required. However only new signs were required. It is recommended that the resultant underspend be carried forward to allow the Shougle Bridge, the cost of which has increased, to be completed.
Shougle Bridge	108	15	93	Delays due to design issues and environmental constraints works mean that this project has been delayed and is due on site in July 2022. It is recommended that the underspend is carried forward to 2022/23 to allow the project to complete.
Knockando Bridges	115	291	(176)	Works were able to be carried out quicker than anticipated due to favourable weather conditions in March creating an overspend at 31 March 2022. The cost of works in 2022/23 is expected to be £130,000 so it is recommended to reduce the budget of £205,000 by £75,000 to match that cost.

Project	Budget £000s	Actual £000s	Variance £000s	Reason for Variance
Dykeside Bridge	160	19	141	Delays due to design issues and environmental constraints mean that this project has been delayed and is now due on site in July 2022. It is recommended that the underspend is carried forward to 2022/23 to allow the project to complete.
MacDowall Bridge	285	281	4	This project is mainly complete but there are some works due to be complete. It is recommended that the underspend be carried forward to part fund the remaining works in 2022/23.
Tomliath Bridge	151	143	8	Savings were made during this project, which is now complete. It is recommended that £6,000 be carried forward to cover the balance of the expenditure estimated for the MacDowall Bridge to be completed.
A941 Blackwater Bridge	10	7	3	In-house design work is underway and it is recommended that the underspend of £3,000 is carried forward to allow this to continue.
Bridge of Slateford	10	1	9	In-house design work is underway and it is recommended that the underspend of £9,000 is carried forward to allow this to continue.
A941 New Craigellachie Bridge	15	3	12	Works are currently out to tender and it is recommended that the underspend of £12,000 is carried forward into 2022/23.
Aldunie Bridge	-	1	(1)	This spend relates to site investigation works for this project which is due

Project	Budget £000s	Actual £000s	Variance £000s	Reason for Variance
				to complete in 2022/23.
Remote Footbridges	92	98	(6)	More work than anticipated was required in the year, creating a small overspend of £6,000
Lossiemouth Bridge Replacement	1,624	1,624	-	
TOTAL	2,823	2,648	175	

In total, it is recommended that underspends of £376,000 are carried forward to 2022/23.

- 4.38 **Wards Road Junction Improvements** – This project is budgeted over two years. It outturned £117,000 against a budget of £101,000 in 2021/22, creating an overspend of £16,000 at 31 March 2022, due to early completion of works. It is recommended to reduce the budget in 2022/23 by the amount of the overspend. The project is approaching completion and will finish on site in June.
- 4.39 **LCTT Upgrade Speyside Way** – The overspend of £25,000 on this project is due to timing of the receipt of grant funding. Overall the upgrade has been met from grant funding received, with additional funding in 2020/21.
- 4.40 **Harbours Replacement of Life Expired Elements** – Works under this heading outturned £417,000 against a budget of £992,000, an underspend of £575,000. The budget for harbours capital maintenance works was based on an equal spend per year over five years. 2021/22 is the last year the budget was prepared in that way. A plan has now been developed which identifies required works, with estimated costs over a four year period and the budget for 2022/23 to 2027/28 has been profiled to reflect the anticipated timing of work. This will enable better budgetary control. Due to the potential for rapid change in a marine environment it is not considered appropriate to identify works beyond four years. It is recommended that the fortuitous underspend of £575,000 be carried forward to 2022/23 to fund works required for the Groyne at Burghead Harbour and a sink hole at Findochty Harbour. The need for these works has recently come to light and had not been identified when the budget for 2022/23 was approved.
- 4.41 **Findochty Pontoons** – Savings were made during this project, the main works of which are complete, apart from some works to resolve an issue regarding fin keeled boats which are outside the scope of the contract. It is recommended that £50,000 is carried forward to 2022/23 to allow these works to be carried out.
- 4.42 **Harbours Economic Development** – There are two projects under this heading. Harbours Economic Development was underspent by £14,000 against a budget of £17,000 due to priority being given to external funding sources such as Place Based Investment. No carry forward is recommended.

Buckie Harbour Ice Plant was underspend by £18,000 against a budget of £104,000. Initially there were delays with the project associated with Brexit, in that the Council had difficulty importing the plant from the Netherlands. It is recommended that this is carried forward to 2022/23 as snagging works are still to be completed.

- 4.43 **Findhorn Flood Alleviation** - Expenditure of £185,000 has been incurred on outstanding land compensation claims against a budget of £184,000 to the end of the financial year. The balance of the budget for compensation claims is held in future years and it is recommended that that budget is reduced by £1,000 to cover the overspend in 2021/22.

Vehicles, Plant and Equipment

- 4.44 The capital plan included budget provision of £5,033,000 for expenditure on vehicles, plant and equipment. Actual expenditure totalled £3,304,000, and underspend of £1,729,000, primarily on the vehicle and plant replacement programme. The detail of this is discussed below.
- 4.45 **Swimming Pool and Leisure Equipment** – This heading outturned £148,000 against a budget of £159,000, an underspend of £11,000. It had originally been planned to spend on equipment connected to the till management system but this was not purchased and other options are currently being explored by the Service. No carry forward is recommended.
- 4.46 **Moray Leisure Centre Equipment** – The unbudgeted costs incurred are for the final part of this project to connect the new heating system to the Building Maintenance System (BMS). The overall budget for this project, which was carried out over two financial years 2019/20 and 2020/21, was £270,000 and at 31 March 2021 the spend was £264,000 so although this is showing as an overspend in the 2021/22 financial year, the overall project will still come in under budget.
- 4.47 **CO2 Monitors in schools** – Due to an increase in the cost of CO2 monitor unit and delivery fees during the course of their phased procurement, a consequence of the increased demand for monitors as the majority of Scottish local authorities sought to support delivery of 1:1 classroom monitoring, together with additional unforeseen costs for charge cables there was an overspend of £2,000 at 31 March 2022. Further funding has been received in 2022/23 and overall the project is expected to be within budget.
- 4.48 **Vehicle and Plant Replacement Programme** - This programme outturned £2,013,000 against an amended budget of £3,045,000, an underspend of £1,032,000. Vehicle and plant manufacture and delivery has been severely affected by global factors such as the pandemic and the war in Ukraine. Vehicles to the full value of the budget were ordered during the year by 31 March and delivery is awaited so it is recommended that the underspend be carried forward to cover committed spend which would otherwise impact on the planned vehicle replacement programme in 2022/23.
- 4.49 **Facilities Management Equipment** – There is an overspend of £2,000 against an amended budget of £17,000. During the year an underspend was anticipated and at the meeting of Moray Council on 23 February 2022

(paragraph 7 of the minute refers) it was agreed to reduce the budget to its current level. However more cleaning equipment required to be replaced than had been expected, and it is recommended that the budget for 2022/23 be reduced by the overspend in 2021/22.

- 4.50 **Traffic Data Collection Equipment** – This heading had minimal spend of £1,000 against a budget of £7,000. Work is currently underway to review the current equipment with a view to a more extensive upgrade and a business case for this will be prepared to inform future revisions of the capital plan. No carry forward is recommended.
- 4.51 **Traffic Signal Replacement** – This heading had minimal spend of £1,000 against a budget of £6,000. This is due to the Council being unable to procure equipment due to issues with the supplier contract, which has now been resolved. No carry forward is recommended.
- 4.52 **Orchard Road Signal** – This heading outturned £22,000 against a budget of £28,000, an underspend of £6,000. This is due to the Council being unable to procure equipment due to issues with the supplier contract, which is shared with Aberdeenshire Council. The supplier sold off part of the company and was therefore in breach of contract and as Aberdeenshire was the lead on the contract, we had to wait until it had been resolved. It has now been resolved and work is due on site at the end of June. No carry forward is requested as the budget in 2022/23 is sufficient to cover the cost of the works.
- 4.53 **Domestic and Trade Waste Bins** – This heading had an outturn of £115,000 against a budget of £100,000, an overspend of £15,000. It had been planned to spend to budget, however, due to delays in processing invoices, more orders were placed, creating an overspend once the delayed invoices were processed. The issue has now been resolved and checks will be put in place to ensure this isn't an issue going forward. This rolling programme of replacing bins and providing bins for new build properties is under pressure due to increased demand and therefore, no amendments are recommended for 2022/23.
- 4.54 **Upgrade of Recycling Centre Containers** – This budget had an outturn at 31 March of £17,000 against a budget of £20,000, an underspend of £3,000. No carry forward is recommended.
- 4.55 **Upgrade Recycling Centres** – This budget outturned £7,000 against a budget of £20,000, an underspend of £13,000 due to new storage bays at Waterford Household Waste Recycling Centre (HWRC) costing less than anticipated. No carry forward is recommended.
- 4.56 **Chemical Waste Disposal Points** – Expenditure on chemical waste disposal points was £155,000 at 31 March 2022 versus a budget of £170,000, an underspend of £15,000. The initial tenders were expensive and a re-tendering exercise carried out. The amended tenders were included within the bid for the Rural Tourism Infrastructure Fund (RTIF) and it is recommended to carry forward £15,000 to enable completion of the project in 2022/23.

4.57 **Children's Play Areas** –The original budget for upgrade of children's play areas was £135,000. Moray Council on 23 February 2022 (paragraph 7 of the minute refers agreed to carry forward £123,000 of this budget to 2022/23 due to delays in progressing expenditure. This budget is being allocated by Participatory Budgeting (PB), where local communities make decisions on how budget is to be spent. This has been very successful in involving the community in Rothes, where the first PB exercise on play area upgrades was carried out, and leveraged in additional funding of £113,000. The time consuming nature of PB coupled with specialist contractor availability and lead-in times for play area equipment led to these delays. Actual expenditure of £17,000 was incurred during 2021/22, an overspend of £5,000 and it is recommended that the budget in 2022/23 is reduced by this amount.

4.58 **ICT Programme** – Actual expenditure on the ICT Core Programme is significantly under budget, with a total spend of £559,000 against a budget of £1,212,000, an underspend of £653,000. This has been due to significant delay in delivery times for ICT equipment, due to the global supply chain constraints on ICT components. The table below provides more detail:

Project	Budget £000s	Actual £000s	Variance £000s	Reason for Variance
Core ICT Programme				
Desktop and Mobile Devices	301	328	(27)	Despite extended delivery times some devices were supplied earlier than expected and there has been increased demand for equipment due to recruitment.
Network Infrastructure	124	15	109	Underspend due to global supply issues and delivery times. Orders have been placed and spend committed. It is recommended that the underspend is carried forward to 2022/23.
School ICT Strategy	239	122	117	Majority of underspend due to the delay in the final phase of the rollout of interactive panels in schools which was delayed due to the pandemic. Also some schools chose not to take their final allocation so less was required to be purchased. It is

Project	Budget £000s	Actual £000s	Variance £000s	Reason for Variance
				recommended that the underspend is carried forward to 2022/23.
Servers Infrastructure	145	19	126	Underspend due to work on this heading being deferred due to competing priorities within the ICT department, mainly on Desktop & Mobile devices. This will be included in the 2022/23 ICT plan. It is recommended that the underspend is carried forward to 2022/23.
Software	120	75	45	Essential upgrades were completed during the year and the carry forward is planned to be used for an upgrade to the Financial Management System in 2022/23. It is recommended that the underspend is carried forward to 2022/23.
Telephony/Contact Centre System	183	-	183	This project has been deferred until there is more clarity around the future utilisation of office work space post pandemic. It is recommended that the underspend is carried forward to 2022/23.
Unix Server Replacement	100	-	100	A tender was undertaken for the replacement of the current Unix environment but this was unaffordable. In the interim, requirements are changing and the longer-term position is unclear. It is recommended that the underspend is carried forward to 2022/23.

Project	Budget £000s	Actual £000s	Variance £000s	Reason for Variance
TOTAL	1,212	559	653	

It is requested that the net underspend of £653,000 is carried forward. Of this £482,000 is for orders which had been placed by 31 March 2022 and delivery is awaited. The remainder is to allow other projects to progress that had been delayed due to competing priorities within ICT.

- 4.59 **Corporate Office Furniture** – No spend was incurred on this heading against a budget of £10,000. This is due to the fact that, during the pandemic, staff have been working from home and there has been less need to purchase equipment due to offices being largely unoccupied. No carry forward is recommended at this point as future requirements will be dependent on workforce planning and the number of staff in offices going forward.
- 4.60 **Committee Services Hybrid ICT System** – This project is showing a minor underspend of £2,000 against a budget of £70,000 as system cost less than expected.

5. **CAPITAL PLAN REVIEW**

- 5.1 The capital plan was approved by Moray Council on 22 February (paragraph 3 of the minute refers). At the same meeting the need for the Council to make £20 million savings in 2023/24 and 2024/25 was highlighted. As part of the financial planning process an early initial review of the capital plan with departments to firm up on timing of projects given current market conditions and departmental capacity to deliver has been made. The following paragraphs identify amendments recommended as a result of this review.
- 5.2 **Libraries and Leisure** - It was agreed at a meeting of Moray Council on 23 February 2022 (paragraph 7 of the minute refers) to carry forward £10,000 under the heading of Other Public Facilities to upgrade the Wi-Fi networks in libraries. However, this work has been carried out by ICT and was funded from their capital budgets and the budget is no longer required so it is recommended to remove the budget provision.
- 5.3 **Learning Estate** - Some amendments are proposed at this time, mainly to amend the potential timing of some projects, for example Findrassie Primary School, and to also remove amounts that are no longer required, for example refurbishments that would be included within other lines of the capital plan. Proposed amendments are as follows:

Project	Proposed Amendment	Impact on Capital Plan
Buckie Campus	Amendment proposed to profile in capital plan and costs revised	Increase of £14m
Extension to Elgin High School	Amendment proposed to profile in capital plan and costs revised	Increase of £1.5m
Ineligible Costs	These costs were included assuming the	Decrease of £2.8m

Project	Proposed Amendment	Impact on Capital Plan
	Council would enter into new PPP schemes – this hasn't happened and therefore the allowance is no longer required	
Refurbishment of Andersons and Pilmuir Primary Schools and Milnes High School	This work no longer requires separate allowance and would be covered by other lines in the capital plan	Decrease of £37.9m
Forres Academy Refurbishment	Amendment proposed to amend timing of project and costs revised to take account of more than refurbishment required	Increase of £39.3m
Findrassie Primary School	Proposal to amend the profile of the project to take account of delays to the project.	No impact
Total		Increase of £14.1m

5.4 Flood Risk Management & Coastal Protection - Minor amendments are recommended under this heading to adjust the profiling of design work on the Lossiemouth Seatown and Portessie Flood schemes. The schemes are contingent on Scottish Government funding but the funding allocated to flood management by Scottish Government is oversubscribed and the availability of future funding is therefore currently unclear. Work is being carried out at a national level to scope the extent of the problem and its likely impact.

5.5 Harbours – An addition of £300,000 in 2023/24 is recommended to this heading to include an amount for dredging work which is capital in nature at both Buckie and Burghead Harbours. The Council has entered into a contract with Ocean Winds to accommodate the operation and maintenance requirements for the Moray West Windfarm in the Moray Firth. As part of this agreement the Council has agreed to provide three metre clearance at the harbour entrance and in two basins. To achieve this it will be necessary to undertake significant dredging. Once this level has been achieved it will be maintained using the Selkie.

The groyne at Burghead Harbour is past its serviceable life and is no longer managing the deposition of sediment at the harbour entrance. This situation has become more acute in recent months and if it is not addressed it may be necessary to reduce the times that the harbour can be operated and the size of boats that can use it. The groyne will be replaced as part of the ongoing capital maintenance of the Council's harbours (see paragraph 4.40) but the build-up of sediment has created a sandbank at the harbour entrance. To improve the operation of the harbour it is considered more efficient to undertake significant dredging at the same time as replacing the groyne.

Thereafter the sediment levels at Burghead will be maintained using the Selkie.

- 5.6 **Bridges** – Schemes are based on strategic prioritisation, with this kept under review and schemes reprioritised to reflect changing circumstances when necessary. Some amendments are recommended as follows.

Project	Proposed Amendment	Impact on Capital Plan
B9009/10 Auchriachan Bridge, Tomintoul	The work on this bridge was originally planned to take place in 2025/26 and 2026/27. However, it sustained significant storm damage in 2021/22. A repair has been carried out but the life of this would be two years. It is therefore recommended to bring forward the spend to 2022/23 and 2023/24.	No impact.
U170E/20 Kirkhill Drive, Lhanbryde	To include an allowance in 2022/23 to allow preparatory work to be undertaken, with the main allowance of £230,000 moved to 2023/24.	Increase of £10,000
U173E/10 Lea Bridge, Forres	Original budget for this project was £48,000 and was based on the budget for other projects of a similar size. However, based on the actuals for those projects it is felt that the budget could be reduced to £20,000.	Decrease of £28,000
Total		Decrease of £18,000

- 5.7 **Waste Management** – An increase of £25,000 is recommended in relation to the purchase of gull proof bins as the prices have increased since the original budget was approved. As part of the original report to Moray Council on 19 January (paragraph 11 of the minute refers) it was requested that part of the capital allowance be used to fund gull proof bins in Cooper Park. However, discussions have taken place and it was agreed that these specific bins should be funded from Elgin Common Good Fund and Trust Funds. It is therefore recommended that the allowance be used to instead purchase bins for key school routes instead.

- 5.8 **Parks & Open Spaces** – There have been further delays in purchasing land for a new cemetery in Elgin and it is therefore recommended to re-profile the budget for this project.
- 5.9 **Road Improvements** – The figures that are currently included in the capital plan are based on previous modelling and represent the amount to recover to previous condition levels from the mid-point. The Council's ranking has improved and it is felt that the budget could be reduced to reflect this. Drainage works are carried out over the winter months following completion of the resurfacing works. Levels of works can be affected by Winter weather and also by the fact that there are operational staff vacancies within the department so it is recommended to reduce this budget by £19,383,000 over the course of the 10 year capital plan to reflect levels of works which are able to be carried out. Roads Condition Information will continue to be closely monitored.
- 5.10 **Allotments** – The Council has a statutory duty under the Community Empowerment (Scotland) Act 2015 to take reasonable steps to provide allotments once the waiting list for allotments within any one community reaches 15 applicants. This trigger point has been reached in Elgin, and land has been identified for lease to an established Community Management Group, who will be responsible for developing and managing the allotments, in line with the Council's Allotments Strategy. An addition of £220,000 to the capital plan for 2022/23 is recommended in order to provide services on the land identified for allotments in Elgin and to ensure it is accessible.
- 5.11 **Depots** – The Council stores gritting salt in the depot in Bridge Street, Keith. Following the success of the salt barn in Elgin in achieving both operational efficiencies and cost savings, options for a covered salt storage in Keith have been investigated. This has the benefit of avoiding loss of salt by leaching through rainfall and reduced salt usage through spreading dry salt. There are environmental benefits and cost savings through a 30% reduction in salt loss/usage based on national metrics borne out by local experience. This would generate recurring savings of £34,500 pa on costs prior to the recent significant increase in the cost of salt. Even if cost falls back to its previous level the estimated cost of constructing a facility for the most economic price quoted (£125,000) would be recouped within a 4 year period. On current prices the cost would be recouped within 3 years. There are also health and safety advantages as currently staff are required to clamber over the salt (which is piled up and covered with a tarpaulin) and to stand on the back of the gritter lorry to break up damp salt. It is recommended that this is included in the capital plan for 2022/23 to allow construction before the winter
- 5.12 **Early Learning and Childcare (ELC)** – As referred to in paragraph 4.13, there is one project outstanding from the original programme of capital works to facilitate the expansion of ELC. Options for works at Aberlour have been given an initial high level appraisal with cost ranging from £900,000 to £3,000,000 and it is recommended that a budget of £900,000 is included in the capital plan for 2023/24 to enable the more economical options to be further developed and reported to Education, Children's and Leisure service committee. The rural nature of Speyside High School ASG precludes the option of using capacity across the ASG area and without this investment

there would be insufficient capacity within the Aberlour and Craigellachie area to offer 1,140 hours to the predicted numbers of ELC uptake. Current accommodation does not meet the required standards. In addition to this planned work, further improvements to Council ELC settings have been required as a result of Care Commission inspections. If these works are not carried out within a reasonable timescale there is a high risk of closure of the facilities and there is insufficient capacity within the respective ASG areas to meet current and forecast demand. A high level estimate of cost is £490,000 in total, with £20,000 recommended for access at Kinloss nursery in 2022/23 and the remaining work relating to upgrade of nursery kitchen facilities, toilets and changing facilities in Findochty nursery (£92,000) and Portgordon nursery (£110,000) recommended for 2022/23 and in St Peters, Buckie (£137,000) and Rothes nursery (£131,000) in 2023/24.

- 5.13 No further amendments are recommended at the current time but the capital plan will be reviewed again over the summer with a view to reducing capital expenditure and any further proposed amendments reported to Council in the autumn.

6. CAPITAL PLAN AMENDMENTS

- 6.1 The following amendments to the capital plan are proposed:

Project	Paragraph	2022/23 £000s	2023/24 £000s	2024/25 £000s
Schools BB Works	4.4	208	-	-
Lossiemouth High School	4.5	608	-	-
Findrassie Primary School	4.7	50	-	-
Schools Accessibility	4.10	6	-	-
Town Centre Initiative Fund	4.14	1,388	-	-
Moray Growth Deal	4.15	1,277	-	-
Industrial Estates – Economic Recovery	4.17	30	-	-
Place Based Investment	4.18	559	-	-
Car Parks	4.19	300	-	-
Dallachy Landfill Site	4.20	606	-	-
NESS Energy for Waste	4.21	5,508	-	-
Industrial Portfolio	4.27	10	-	-
Cemetery Provision Elgin	4.24 & 5.8	(1,770)	1,260	(180)
Parks & Open Spaces Infrastructure	4.25	20	-	-
Road Safety Disability Adaptations	4.29	(11)	-	-
Road Safety New Road Signs and Markings	4.30	1	-	-
Road Safety Barrier Provision	4.31	114	-	-
Road Improvements/Street Lighting	4.33/4.36	217	-	-

Project	Paragraph	2022/23 £000s	2023/24 £000s	2024/25 £000s
Bridges	4.37 & 5.6	103	652	(110)
Wards Road Junction Improvements	4.38	(16)	-	-
Harbours	4.40 & 5.5	575	300	-
Findochty Pontoons	4.41	50	-	-
Harbours Economic Development	4.42	18	-	-
Flooding	4.43 & 5.4	-	(1)	(100)
Vehicles & Plant Replacement	4.48	1,032	-	-
Facilities Management Equipment	4.49	(2)	-	-
Chemical Waste Disposal Points	4.56	15	-	-
Children's Play Areas	4.57	(5)	-	-
ICT Capital Plan	4.58	653	-	-
Libraries and Leisure	5.2	(10)	-	-
Learning Estate	5.3	(4,342)	(6,840)	(5,462)
Waste Management	5.7	7	11	7
Road Improvements	5.9	(100)	(2,600)	(3,300)
Allotments	5.10	220		
Salt shed – Keith depot	5.11	125		
ELC settings	5.12	347	1,168	
TOTAL		7,688	(6,050)	1,779

7. **RISK AND EMERGING ISSUES**

- 7.1 Budget managers have been requested to identify any specific areas of risk for the projects in the capital plan for which they are responsible.
- 7.2 As reported to Economic Growth, Housing and Environmental Sustainability Committee on 24 August (paragraph 7 of the minute refers) a risk to the capital plan is an increase in the cost of materials and scarcity of many materials which are key for the construction industry. Scotland Excel have informed the Council of unavoidable increases to costs on four of their frameworks and some key materials such as concrete, wood and steel are currently difficult to source and costlier if they are available. This is partly a world-wide reaction to the pandemic, and partly due to Brexit, but the war in Ukraine is also having an impact. The construction industry is also over-heated and some recent procurement exercises have stalled. The Strategic Territory Partnering Board are also monitoring market volatility.
- 7.3 There is a risk that contract inflation might increase the eventual cost of projects in future years of the capital plan and a risk that any deferment of projects relating to asset condition might result in element failure, potentially incurring unbudgeted costs. The figures in the 10 year plan are based on current costs and are likely to increase by the time the project is undertaken.

- 7.4 The main risk for the vehicle replacement programme is manufacturers failing to deliver to agreed timescales and this risk is heightened at this time due to the shortage of semi-conductors.
- 7.5 Lack of staff resources and staff turnover can impact on project timescales and other emerging work priorities can impact in scheduled works and this is reflected in delays where work planned to be out-sourced is being brought in-house as a result of poor response to tender requests.
- 7.6 There is a risk that time-limited funding is not spent within time-frame and that the Council therefore loses the opportunity to improve or create assets at no or reduced cost to the Council.
- 7.7 Looking to the future there is a need to invest significantly in our infrastructure to underpin the Council's priorities of Our People, Our Place, Our Future and work will be brought forward to look at potential capital requirements and how this might best be funded in an environment of scarce resources and projected funding cuts.
- 7.8 Projects can be subject to risks which are outwith the direct control of the Council, such as poor weather conditions and some assets such as harbours are particularly vulnerable to bad weather events.
- 7.9 The cost to the Council of borrowing is based on interest rates at the time. However, as the country emerges from the pandemic and the impact that could have on the economy this may mean that the current pattern of interest rate rises is likely to continue and this will have an impact on the cost to the Council and will need to be taken into account when looking at future proposals.
- 7.10 No other project risks have been specifically identified by budget managers.

8. 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 2021/22 and the outline ten year plan incorporates measures designed to address the Moray 2026 priorities of achievement and attainment by children and young people 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.

When the Council approved the budget for 2022/23 on 22 February 2022 (paragraph 3 of the minute refers) it balanced only by use of reserves. The indicative 3 year budget showed a likely requirement to continue to make significant savings in future years. All financial decisions must be made in this context and only essential additional expenditure should be agreed in the course of the year. In making this determination the Council should consider whether the financial risk to the Council of not incurring that expenditure, as set out in the risk section below and whether a decision on funding could reasonably be deferred until the budget for future years is approved.

In the main the report proposes differences in timing of capital spend from that originally envisaged. However, additional capital projects are proposed, and this will increase borrowing costs in the revenue budget. The impact of the proposed additional capital budget for Allotments in Elgin on the Council's revenue budget would be to increase loans charges annually by £4,400 plus £4,138 interest at the current rate of interest in year 1, diminishing over the loan period if the interest rate remains at its current level. The cost of the salt shed will be covered by savings and results in a net saving. The cost of additional ELC upgrades would be £37,875 annually plus interest of £28,497 in year 1 at the current rate of interest, diminishing over the loan period if the interest rate remains at its current level.

(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. Risks specific to items within the capital plan are highlighted in paragraph 7 of the report

(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) Climate Change and Biodiversity Impacts

There are no climate change or biodiversity issues arising from this report.

(i) Consultations

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

8. CONCLUSION

- 8.1 Capital expenditure of £31,018,000 was incurred during the year ending 31 March 2022.**
- 8.2 Amendments to the Capital Plan of an increase of £7,688,000 in 2022/23 based on departmental requests for carry forwards and other amendments and a decrease of £6,050,000 in 2023/24 and an increase of £1,779,000 in 2023/24 are recommended.**

Author of Report:	Laurie Milne, Senior Accountant
Background Papers:	
Ref:	LM/LJC