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**REPORT TO: MORAY COUNCIL ON 30 JUNE 2021**

**SUBJECT: CAPITAL PLAN 2020/21**

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

**1. REASON FOR REPORT**

- 1.1 To inform the Council of the expenditure to 31 March 2021 under the capital plan for financial year 2020/21 and to recommend budget adjustments for inclusion in the Capital Plan for 2021/22 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 2021 of £39,269,000 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 to 2021/22 and future years totalling £7,158,000 in 2021/22 detailed in section 5.**

**3. BACKGROUND**

- 3.1 The capital plan for 2020/21 of £42,319,000 was approved by a meeting of Moray Council on 3 March 2020 (paragraph 2 of the minute refers). Amendments approved by the Council and by the Economic Growth, Housing and Environmental Sustainability Committee since this date have been incorporated to give a current approved capital plan for 2020/21 of £42,442,000.
- 3.2 Quarterly monitoring reports are made to Economic Growth, Housing and Environmental Sustainability Committee or to Council showing expenditure to

date for each project 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 2020/21**

4.1 A copy of the capital plan is included as **APPENDIX 1**. Expenditure to 31 March 2021 of £39,269,000 has been funded by General Capital Grant of £8,236,000 from the Scottish Government, Early Learning and Childcare Grants totalling £3,178,000 from the Scottish Government, other specific government grants of £421,000, other grants and contributions of £927,000 and Prudential Borrowing of £26,507,000.

4.2 A summary of the variances during the year are set out in the table below and discussed in more detail in the noted paragraphs.

<b>Description</b>	<b>Paragraph</b>	<b>Underspend (Overspend) £000s</b>
<b>Land and Buildings</b>		
Schools BB Works	4.4	(76)
Lossiemouth High School	4.5	(1,223)
Linkwood Primary School	4.6	(534)
Findrassie Primary School	4.7	148
Fire Safety Works – Schools	4.8	44
4 Schools Refurbishment	4.9	(48)
Milnes Primary School – Nursery Extension	4.10	(73)
Expansion of Early Learning and Childcare	4.11	(370)
Libraries and Leisure – All Public Facilities	4.12	10
Various Car Parks works	4.13	155
Dallachy Landfill Site	4.14	(321)
NESS Energy from Waste Plant	4.15	1,939
Moycroft	4.16	(51)
Industrial Estates Roads	4.17	10
Refurbishment of Industrial Units	4.18	22
Cemetery Provision in Moray	4.19	(2)
Energy Efficiency Projects	4.20	9
Forres CEC Flat Roof Replacement	4.21	(254)
Town Centre Initiative	4.22	687
<b>Infrastructure</b>		
Road Safety – Disability Adaptations	4.24	5
New Road Signs and markings	4.25	10
Road Safety Provision	4.26	(24)
Road Improvements	4.27	456
A95 Landslip River Isla	4.28	(3)
Street Lighting	4.29	163
Bridges	4.30	1,155
Findhorn Flood Alleviation	4.31	113
Portknockie Landslip	4.32	15

Description	Paragraph	Underspend (Overspend) £000s
Elgin Transport Strategy	4.33	(7)
Harbours	4.34	516
<b>Vehicles, Plant and Equipment</b>		
Swimming Pool and Leisure Equipment	4.36	59
Moray Leisure Centre Equipment	4.37	(261)
Gladstone Fit-Life Integration	4.38	5
Electrostatic Cleaning Machines for Schools	4.39	5
Vehicles Replacement Programme	4.40	527
Facilities Management Equipment	4.41	9
Traffic Data Collection Equipment	4.42	6
Domestic and Trade Waste Bins	4.43	15
MRF Relocation & Replacement Baler	4.44	(16)
Automated Barrier/Vehicle Registration Software and Chanonry HWRC	4.45	23
Chemical Waste Disposal Points	4.46	(2)
Replacement Engine Selkie	4.47	(124)
ICT Programme	4.48	453
Corporate Office Furniture	4.49	3
<b>Total</b>		<b>3,173</b>

## Land and Buildings

- 4.3 The capital plan included budget provision of £30,184,000 for expenditure on land and buildings. Actual expenditure totalled £30,112,000. The detail of this is discussed below.
- 4.4 **Schools BB Works** – The original programme of works under this heading was well progressed when the Covid-19 pandemic commenced in March 2020. Work was suspended as the focus was moved toward the safe return of pupils in August. Preparations were made to substitute external fabric works which could be safely carried out during term time for these projects. However the second national lockdown saw further delays in this work and the Economic Growth, Housing and Environmental Sustainability Committee on 16 February (paragraph 6 of the minute refers) agreed that an underspend of £1,655,000 be carried forward to 2021/22 to allow these projects to complete. The final budget of £829,000 for this Programme of works was overspent by £76,000, with actual expenditure of £905,000. There were several overspends on drainage projects and investigative works, offset by underspend elsewhere. Buckie High School science gas pipework was replaced as a matter of urgency on safety grounds – this unplanned project had no budget and cost £99,000.
- 4.5 **Lossiemouth High School** – This project outturned £11,738,000 against an amended budget of £10,515,000, an overspend of £1,223,000. This overspend is a result of an earlier restart of construction work than projected during the first lockdown and the Covid costs paid to the contractor to date. The conditions of contract entitle the contractor to recover reasonable costs due to the delays experienced following the Covid-19 government restrictions.

These cost negotiations have now reached a conclusion between the Council and hub North Scotland. The Scottish Government have been contacted to request assistance with the additional costs with full evidence of costs claimed being provided to assist their determination. The outcome of this approach will be reported in due course.

- 4.6 **Linkwood Primary School** – The overall expenditure against the project was £3,979,000 during 2020/21 against a budget of £3,445,000, resulting in an overspend of £534,000. The overspend is a result of a combination of the Housing developer's obligations to provide a serviced site for the school not being met and additional Covid-19 costs paid to the contractor to date. The conditions of the contract entitle the contractor to recover reasonable costs due to the delays experienced following the Covid-19 government restrictions. The costs have now been agreed between the Council and hub North Scotland. The Scottish Government have been contacted to request assistance with the additional costs with full evidence of costs claimed being provided to assist with their determination. The outcome of this approach will be reported in due course. Discussions with the Housing developer are ongoing to agree a figure for compensation to the Council for the additional costs of providing temporary servicing to the school.
- 4.7 **Findrassie Primary School** – At the special meeting of Moray Council on 9 October 2020 (paragraph 4 of the Minute refers) Council approved that a new primary school at Findrassie would be the priority project submitted to the Scottish Government Learning Directorate for funding through the Learning Investment Programme (LEIP). On 18 December 2020, the Scottish Government announced that Findrassie Primary School was one of 25 projects which had been awarded LEIP funding. A Project Manager was appointed in April 2021 to the Educational Resources and Communities team and preparations are underway to begin consultation on the project with Elgin Academy ASG. The time required to arrange the consultation process has resulted in a budget underspend for the project in 2020/21 and it requested that the underspend of £148,000 be carried forward to 2021/22 to cover the cost of this initial work.
- 4.8 **Schools Fire Safety Works** – This project outturned £56,000 against a budget of £100,000, an underspend of £44,000. This programme of works was delayed due to the lockdown restrictions put in place as a result of the Covid-19 pandemic which meant that schools were either closed or open for childcare provision, both of which precluded works being carried out. It is requested that £25,000 be carried forward to 2021/22. Works which would have taken place in 2020/21 are now planned for the school estate in 2021/22, including remote monitoring system works required by the Council's insurers.
- 4.9 **4 Schools Refurbishment** – This expenditure is the final release of the retention after remedial works were undertaken as part of the 4 Schools Refurbishment project. Although this is showing as an overspend in the 2020/21 financial year, the overall project will still come in under budget.
- 4.10 **Milnes Primary Nursery Extension** – This expenditure is the final release of the retention following the agreement of the final accounts, which was a long

and challenging process. Although this is showing as an overspend in the 2020/21 financial year, the overall project will still come in under budget.

- 4.11 **Expansion of Early Learning and Childcare (ELC) Provision** – This project is fully funded by Scottish Government Grant. The programme of works under this heading had total expenditure of £3,178,000 against a budget of £2,808,000, an overspend of £370,000. Delays experienced in undertaking the refurbishment programme has seen costs increase. Additional costs have been met in full by the re-allocation of funding from the ELC revenue budget, as permitted by Scottish Government regulations.
- 4.12 **Libraries & Leisure Public Facilities** – This programme of fixed and fittings refresh had a budget of £10,000 in 2020/21. The Covid-19 pandemic resulted in Leisure and Libraries buildings being closed, which meant that work was unable to be progressed. No carry forward is requested.
- 4.13 **Various Car Park Works** – Due to delays experienced as a result of the Covid-19 pandemic, the budget allocation of £155,000 for re-surfacing and replacing lighting in various car parks in Moray has not been spent and it is therefore requested that this amount be carried forward to enable the planned works to progress in 2020/21.
- 4.14 **Dallachy Landfill Site** – This project outturned £1,695,000 against an amended budget of £1,374,000, an overspend of £321,000. At a meeting of Economic Growth, Housing and Environmental Sustainability Committee on 16 February (paragraph 6 of the minute refers), it was agreed that £453,000 could be carried forward to 2021/22. The reason for this was due to the capping of Phase 7b of the landfill site progressing later than originally planned due to a decrease in the amount of waste that was being landfilled (any decrease in waste being sent to landfill extends the life of the cell, therefore delaying the schedule for capping and restatement works). However, some capping works were carried out earlier than expected in February, and is the main reason for the overspend. The budget allocation for 2021/22 will be reviewed with a view to reducing it by the cost of the accelerated capping works.
- 4.15 **NESS Energy for Waste Plant** – The final amended budget for this project was £9,159,000 and expenditure was £7,220,000, an underspend of £1,939,000. This is due to delays in manufacturing equipment due to the pandemic disrupting the supply chain. The NESS project is being managed on behalf of the partner local authorities by Aberdeen City Council. There have been a number of changes to the payment schedule, however the overall budget for the project is still in line with the initial agreement. As a consequence of these changes to the schedule it is recommended that the underspend of £1,939,000 in 2020/21 be carried forward to 2021/22.
- 4.16 **Moycroft** – This project outturned £597,000 against a budget of £546,000, an overspend of £51,000. This was due to additional design work and markings on the cycle path required on health and safety grounds following inspection by the Health and Safety Executive.

- 4.17 **Industrial Estate Roads** – The Covid-19 pandemic has resulted in delays in this project which has seen the £10,000 budget be unspent and it is requested that this be carried forward to progress the programme of works.
- 4.18 **Industrial Portfolio Refurbishment** – This project outturned £85,000 against a budget £107,000, an underspend of £22,000. Work has begun on the industrial unit refurbishment programme but has been delayed by the Covid-19 pandemic and it is therefore requested that this underspend be carried forward to 2021/22 in order for these works to be completed.
- 4.19 **Cemetery Provision in Moray** – This project has a small overspend of £2,000, which is as a result of preparatory work that has been carried out in advance of the larger Cemetery Provision project included in the capital plan.
- 4.20 **Energy Efficiency Projects** – This project outturned £6,000 against a budget of £15,000. The covid-19 pandemic has had a detrimental impact on the ability to identify projects and engage with contractors to undertake the work, which has resulted in this underspend. These energy saving projects strongly support the objectives of the Council's Climate Change Strategy so it is requested that this underspend is carried forward to 2021/22 in order for them to be progressed.
- 4.21 **Forres Community Centre Flat Roof Replacement** – The flat roof at Forres Community Centre was replaced. These works were originally coded to revenue repairs and maintenance budgets. However, the nature of the works meet the definition of capital expenditure so they have been transferred to capital. The additional cost of capital will be outweighed by the resultant revenue saving of £254,000.
- 4.22 **Town Centre Fund Initiative** – This project outturned £181,000 against a budget of £868,000, an underspend of £687,000. This project is 100% funded by Scottish Government grant. Due to Covid-19 all Town Centre Initiative Fund work had come to a halt with some of the projects still experiencing delays in starting up again. It is anticipated that most of the projects will spend their allocated funding in the next financial year so it is requested that the underspend be carried forward to 2021/22. Scottish Government has confirmed the grant funding can be retained to meet the delayed

## **Infrastructure**

- 4.23 The capital plan included budget provision of £6,461,000 for expenditure on infrastructure. Actual expenditure totalled £4,062,000. The detail of this is discussed below.
- 4.24 **Road Safety Disability Adaptations** - £20,000 spend was incurred on this project against a budget of £25,000, resulting in an underspend of £5,000. The number of new dropped kerbs provided reduced to the availability of Roads Maintenance staff to undertake the works. A backlog of disability adaptations and dropped kerb applications is expected this year as covid restrictions are eased. Access to mobility groups to discuss needs is restricted at this time due to Covid-19. It is requested that this underspend be used to

offset the overspend on the Road Safety Provision budget, as detailed in paragraph 4.26 below.

- 4.25 **New Road Signs and Markings** – This heading outturned £27,000 against a budget of £37,000, an underspend of £10,000. A contract for road markings was issued but the contractor failed to complete the works by 31 March 2021. Covid-19 led to a delay of works being undertaken during the summer of 2020. Additional works are to be included in this year's contract to utilise part of the carry forward which was previously approved. It is requested that the underspend of £10,000 be used to offset the overspend on the Road Safety Provision budget, as detailed in paragraph 4.26 below.
- 4.26 **Road Safety Provision** – This heading had actual spend of £51,000 against a budget of £27,000, resulting in an overspend of £24,000. Additional works were required, including remedial measures at the School Brae signals in Lossiemouth. It is requested that this overspend be offset by underspends on the Disability Adaptations and New Road Signs and Markings budget, as detailed in paragraphs 4.24 and 4.25 above.
- 4.27 **Road Improvements** – This heading saw actual to 31 March of £1,561,000 versus a budget of £2,020,000, an underspend of £459,000. The introduction of construction sector revised guidance in January as a result of the second lockdown led to programmes taking longer than expected due to additional Health and Safety such as one man per vehicle. A report to Economic Development and Infrastructure Services Committee on 21 January 2020 (paragraph 7 of the minute refers) highlighted that Moray's road condition indicator figures, based on results for that year, were now increasing more aggressively than previous years and that if this was not addressed, the cost of reversing this trend would rapidly become unaffordable. The draft capital plan was therefore to include a phased increase in the capital budget of £500,000, on an annual basis, to address the issue. It is now also recommended that the underspend on the Carriageway Resurfacing/Reconstruction/Surface Dressing heading of £456,000 is brought forward and added to the 2021/22 budget allocation.
- 4.28 **A95 Landslip River Isla** – This project had actual expenditure of £43,000 against a budget of £40,000. The overspend was due to increased requirements following survey work and the discovery of otters on the site. This project is now complete.
- 4.29 **Street Lighting** – Street lighting projects saw an actual to 31 March of £337,000 against an amended budget of £500,000. A combination of covid-19 restrictions and staff sickness resulted an underspend of £163,000, £40,000 on replacement columns and £123,000 on the LED street lighting project. It is requested that the underspend on the Replacement of the SOX/SON Lanternsplacement Lights and Columns programme of £123,000 be carried forward to 2021/22 to allow for the completion of the LED spend to save project.

4.30 **Bridges** – Projects under this heading had a budget of £1,795,000 and an actual spend of £640,000 – an underspend of £1,155,000. The details of this are as follows:

<b>Project</b>	<b>Budget £000s</b>	<b>Actual £000s</b>	<b>Carry Forward £000</b>	<b>Reason for Variance</b>
Cloddach Bridge	48	3	45	This project was delayed due to vacancies within the Traffic team, which was undertaking the design work.
Cappies Hill Bridge	48	0	48	This project was delayed due to vacancies within the Traffic team, which was undertaking the design work.
MacDowall Bridge	360	8	352	This project was initially delayed by Covid-19 disruption which meant that land access discussions were unable to take place. Winter also saw the discovery of hibernating bats which has further delayed the project.
Bantrach Bridge	336	246	-	This project is complete and the underspend is due to the fact that not all the risk allowance included in the budget was required.
Tomliath Bridge	160	9	151	This project has seen delays due to supplier availability.
A941 Craigellachie Bridge	555	189	-	This project was due to end in March 2020 but the last tasks were unable to be completed due to covid restrictions and the 2019/20 underspend was carried forward in full as, at that point, it was not clear how long restrictions would be in place and what the impact would be on price. The project is now complete and no further costs will be incurred.
Arthur's Bridge	28	0	-	This project is complete



Project	Budget £000s	Actual £000s	Carry Forward £000	Reason for Variance
				and the underspend is due to the fact that not all the risk allowance included in the budget was required.
Lossiemouth Bridge Replacement	133	100	33	The Council is undertaking phase 1 of this project and was still underway at 31 March.
Remote Footbridges	127	85	42	This rolling programme of works was delayed due to the covid-19 pandemic.
<b>TOTAL</b>	<b>1,795</b>	<b>640</b>	<b>671</b>	

Works on the delayed projects are all planned to be undertaken and completed in 2021/22 so it is requested that the underspends on these projects, totalling £671,000 are carried forward to 2021/22.

- 4.31 **Findhorn Flood Alleviation** – The budget of £113,000 was brought forward from future years to cover a compensation claim which had been agreed, but there has been a delay in settlement of the claim and it is requested that this is carried forward to 2021/22.
- 4.32 **Portknockie Landslip** – This project saw no spend against a budget of £15,000 due to white lining works not completed by the Roads department due to vacancies, and it is requested that this budget be carried forward to 2021/22 when the work will be carried out.
- 4.33 **Elgin Transport Strategy** – The unbudgeted £7,000 spend against this project is for preparatory works that required to be undertaken for the Edgar Road/The Wards junction works that will be carried out in 2021/22. The works will be fully funded by Developer Contributions.
- 4.34 **Harbours** – The programme of works in harbours had a budget of £831,000 against which £267,000 was spent, an underspend of £564,000. Works undertaken at Burghead and Cullen Harbours are complete, however works at Portknockie were delayed due to the covid-19 pandemic and it is requested that £392,000 be carried forward in order for this work to be completed, and for the next phase of works at Cullen to progress. When the 2020/21 capital plan was agreed a budget of £300,000 was included for works on pontoons at Findochty Harbour. At a meeting of the Economic Growth, Housing and Environmental Sustainability Committee on 1 December 2020 (paragraph 5a of the minute refers) it was agreed to defer this budget until 2021/22. The budget should have only been partially deferred as the works will span more than one financial year and it is therefore showing an overspend of £169,000 in 2020/21. The budget in 2021/22 will be reduced to reflect this. The project is expected to be on budget overall. Both projects under the heading of Harbours Economic Development were delayed due to the Covid-19 pandemic and saw underspends as follows:

<b>Project</b>	<b>Budget</b>	<b>Actual</b>
	<b>£000</b>	<b>£000</b>
Economic Development	18	1
Buckie Harbour Infrastructure Improvements – Ice Plant	160	56

It is requested that the underspend on both these projects, totalling £121,000 be carried forward to 2021/22 to enable them to be completed.

### **Vehicles, Plant and Equipment**

- 4.35 The capital plan included budget provision of £5,797,000 for expenditure on vehicles, plant and equipment. Actual expenditure totalled £5,095,000. The detail of this is discussed below.
- 4.36 **Swimming Pool and Leisure Equipment** – Equipment has been ordered but there was a delay in delivery meaning that there was no spend against the budget of £59,000 against this heading. It is requested that the full £59,000 budget be carried forward to 2021/22 to meet the costs of the equipment, and also progress plans for the upgrade of underwater camera systems at Buckie, Keith and Forres swimming pools, originally planned for 2024/25. The phasing of this budget will be reviewed with the service
- 4.37 **Moray Leisure Centre Equipment** – The unused budget for Moray Leisure Centre’s Combined Heat and Power unit was inadvertently not identified as a carry-over from 2019/20 and incorrectly released. The overspend in this area is a result of this omission but expenditure is within the original budget for the project. Work has been carried out to upgrade the gym facilities in the Leisure Centre. The Council has stopped the capital element of its grant to Moray Leisure Ltd in order to fund these works.
- 4.38 **Gladstone Fit-Life Integration** – The Gladstone Fit Life Integration Project is complete from a customer-facing perspective however there are still some background elements being finalised in regards to generating reports required for finance and ICT purposes. The project funding allocation was £40,000 however to date the project has only cost £35,000 due to the fact that ICT have managed to reduce the volume of user licences required from the initial quotation.
- 4.39 **Electrostatic Cleaning Machines Schools** – Due to the enhanced cleaning requirements in schools as a result of the Covid-19 pandemic Electrostatic Cleaning Machines were purchased. The initial estimated cost of this was £13,000 but the actual cost was £8,000, resulting in an underspend on this budget.
- 4.40 **Vehicle & Plant Replacement Programme** – This project had an outturn to the 31 March of £2,296,000 against an amended budget of £2,823,000, an underspend of £527,000. Vehicle manufacturers ability to build and deliver vehicles has been impacted both by Brexit and the Covid-19 pandemic which has resulted in this underspend. Vehicles had been ordered by 31 March and

delivery is awaited so it is requested that the underspend be carried forward to meet payment when they are received. By carrying forward the budget to meet these costs, there will be no impact on the planned vehicle replacement programme in 2021/22.

- 4.41 **Facilities Management Equipment** – This heading saw minimal spend of £1,000 against a budget of £10,000. The move to home-working meant that buildings were not used to the same extent during the year which meant that equipment has lasted longer than expected. Due to the enhanced cleaning requirements as a result of the pandemic it is anticipated that equipment will require replacement sooner through increased use so it is requested to carry forward the full underspend in full to meet the anticipated increased costs.
- 4.42 **Traffic Data Collection Equipment** – This heading saw minimal spend of £1,000 against a budget of £7,000. There has been limited use of temporary equipment during the pandemic due to staff shielding, therefore less wear and tear on equipment and no carry forward is recommended.
- 4.43 **Domestic and Trade Waste Bins** – This budget heading has outturned £70,000 against a budget of £85,000, an underspend of £15,000. This has been due to extended lead time for the receipt of orders placed with the supplier. It is therefore requested that this underspend be carried forward to meet the costs of orders that had been placed, but not received by 31 March 2021. By carrying forward the budget to meet these costs, there will be no impact on the planned orders for bins in 2021/22.
- 4.44 **MRF Relocation and Replacement Baler** - There has been an overspend of £15,000 due to alterations required by Council Health and Safety staff and to contractor observations during the refit at Moycroft Waste Transfer Station. The alterations were made in order to enhance safety measures around the hopper which feeds the materials onto a shaker plate before the first picking line. The MRF Relocation and Replacement Baler are both essential components of the Moycroft re-development. Completion of the project (inclusive of the highlighted amendment) was vital in order for the service to handle recycling materials and process them in the most financially effective way for the Council as the MRF enables metal, aluminium and plastics to be extracted from the waste in the purple recycling bins, which is then sold to various companies. If the MRF was not operating then the material would not be able to be separated and would, therefore, not be able to be sold.
- 4.45 **Automated Barrier/Vehicle Registration Software** - This project relates to the erection of an automated barrier on site at the Chanonry Household Waste Recycling Centre (HWRC). As a result of the covid-19 pandemic controls were introduced at the site to reduce the number of vehicles permitted to gain access at any one time, which was controlled by having a member of staff man the gate. In the latter part of 2020 Zero Waste Scotland offered grant funding to aid waste operators to keep their services going whilst adhering to government covid-19 guidelines. Therefore the barriers were fitted at Chanonry and this has removed the need to have staff controlling access. The underspend on this is due to the timely integration of associated software packages that was anticipated to take longer and charged by the contractor on a cost per day.

- 4.46 **Chemical Waste Disposal Points** – This project has a small overspend of £2,000, which is as a result of preparatory work that has been carried out in advance of the larger Staycation Ready project included in the capital plan.
- 4.47 **Replacement Selkie Engine** – Following a breakdown of the excavator’s engine on board Selkie in late September 2020 advice was sought from the manufacturer of the engine and our own Fleet Services. While a repair could have been undertaken the advice received was that as the engine was stripped down for repair there was a strong possibility that other components were likely to fail and require replacing. Our Fleet Services Manager advised that replacing the engine reduced the ongoing risk considerably. Going forward measures have been identified and put in place to reduce corrosion as much as possible in the future.
- 4.48 **ICT Programme** – Actual expenditure on the ICT Core Programme is significantly underspent but there is an overall spend on ICT Equipment, including items purchased as a result of the pandemic, with a total spend of £1,530,000 against a budget of £1,983,000. The table below provides more detail on this:

<b>Project</b>	<b>Budget £000s</b>	<b>Actual £000s</b>	<b>Reason for Variance</b>
<b>Core ICT Programme</b>			
Desktop and Mobile Devices	276	162	The long term ICT Strategy has had to be adapted following the pandemic and this has meant that the planned purchase of some items is no longer relevant, and some service requirements have been changed.
Network Infrastructure	159	115	Underspend due to a delay in the IP Telephony to schools and the delay in the upgrade to the Wi-Fi provision, due to increased homeworking.
School ICT Strategy	238	13	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 and the need to purchase other equipment.
Servers Infrastructure	259	114	Projects under this heading saw delays due to ICT resources being diverted elsewhere during the pandemic.
Software	192	93	Projects under this heading saw delays due to ICT

Project	Budget £000s	Actual £000s	Reason for Variance
			resources being diverted elsewhere during the pandemic.
Telephony/Contact Centre System	336	153	This project has been deferred until there is more clarity around the future utilisation of office work space post pandemic.
Unix Server Replacement	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.
<b>Covid-19 ICT Costs</b>			
Digital Inclusion	423	423	Spend against this line was fully funded by Scottish Government grant and was for the purchase of devices for pupils to access home learning.
ICT Costs	-	457	This covers the cost of the rollout of dedicated laptops and associated software and accessories to facilitate home working during the pandemic.
<b>TOTAL</b>	<b>1,983</b>	<b>1,530</b>	

The following amounts are requested to be carried forward to 2021/22 in relation to ICT projects:

Project	Amount of Carry Forward £000s	Reasons
Desktop and Mobile Devices	74	To enable the purchase of equipment for the reconfiguration of offices and laptop devices for schools, and also to allow the project to upgrade the public access network in libraries to progress.
Network Infrastructure	44	To allow for the upgrade of Wi-Fi in corporate sites and for various telephony projects to progress.
School ICT Strategy	225	To allow for the final phase of the implementation of interactive panels in schools and to finalise requirements for

Project	Amount of Carry Forward £000s	Reasons
		wireless provision in schools and to provide additional bandwidth where necessary.
Servers Infrastructure	130	To allow projects for various server upgrades to progress.
Telephony/Contact Centre System	183	Although the project has been deferred, there is still a commitment to deliver this project once the exact specifications are clearer.
Unix Server Replacement	100	Further work is required to confirm requirements for Unix environment but there will be a requirement to do further upgrade work on the Housing System and Financial Management System.
<b>TOTAL</b>	<b>756</b>	

- 4.49 **Corporate Office Furniture** – This budget had an actual at 31 March of £2,000 against a budget of £5,000, an underspend of £3,000. 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.

## 5. **CAPITAL PLAN AMENDMENTS**

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

Project	Paragraph	2021/22 £000s	2022/23 £000s
<b>Land and Buildings</b>			
Findrassie Primary School	4.7	148	-
Schools Fire Safety Works	4.8	25	-
Various Car Parks Works	4.13	155	-
NESS Energy for Waste Plant	4.15	1,939	-
Industrial Estate Roads	4.17	10	-
Industrial Portfolio Refurbishment	4.18	22	-
Energy Efficiency Projects	4.20	9	-
Town Centre Fund	4.22	687	-
<b>Infrastructure</b>			
Road Improvements	4.27	456	-
Street Lighting	4.29	123	-
Bridges	4.30	671	-
Findhorn Flood Alleviation	4.31	113	-
Portnockie Landslip	4.32	15	-
Harbours	4.34	392	(169)
Harbours Economic Development	4.34	121	-

Project	Paragraph	2021/22 £000s	2022/23 £000s
<b>Vehicles, Plant &amp; Equipment</b>			
Swimming Pool & Leisure Equipment	4.36	59	-
Vehicle & Plant Replacement Programme	4.40	527	-
Facilities Management Equipment	4.41	9	-
Domestic and Trade Waste Bins	4.43	15	-
ICT Projects	4.48	756	-
<b>Other Amendments</b>			
Glassgreen Primary School	5.2	40	-
A95 Meikle Cantly Landslip	5.3	693	-
Energy Efficiency Projects – LED Lighting	5.4	173	-
Extension of Univeral Free School Meals	5.5	-	-
<b>Total</b>		<b>7,158</b>	<b>(169)</b>

- 5.2 **Glassgreen Primary School** – It is requested to include £40,000 in the capital plan for 2021/22 to allow ground investigations to take place in preparation for the construction of a new primary school at Glassgreen in the South of Elgin. This work was planned for 2027/28 and 2028/29 when the 10 year capital plan was approved in March 2021. The current pattern of housing development on the south side of Elgin makes it likely that this project will have to be brought forward and construction begin considerably earlier than then planned. It is therefore requested to include this amount in the capital plan for 2021/22 and reduce the amount included in the capital plan in 2027/28 for this project by the same amount. This increase would result in a minimal increase in borrowing costs of £800.
- 5.3 **A95 Meikle Cantly Landslip** – In Autumn 2019 a landslip occurred on the A95 causing a significant loss of material to slip into the River Isla and the collapse of some of the vehicle restraint system. Since the landslip occurred there has been single lane working with traffic lights on the site. During 2020 a detailed site investigation was carried out to determine the underlying ground condition and identify potential solutions. The proposed works are to stabilise the base of the slope to ensure that no further erosion occurs causing further landslips and it is requested to include £693,000 in the capital plan in 2021/22 to allow for these works to be carried out, and would result in an increase in borrowing costs of £17,000.
- 5.4 **Energy Efficiency Projects LED Lighting** – It is requested to include £147,000 in the capital plan for 2021/22 for the installation of LED Lighting at various sites. This would result in an increase in borrowing costs of £31,000 which will be almost covered by the anticipated savings in energy usage of £30,000 and in the long term the works would generate net revenue savings and contribute towards reduction in carbon.
- 5.5 **Free School Meals** – The Scottish Government have announced the intention to extend to provision of universal free school meals to primary 4-7 by August 2022. The department are starting to explore the implications of this and the

potential impact on the capital plan. Once this is known it will be reported to future Committee meetings.

## **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 A new and emerging risk to the capital plan is a forecast increase in prices of materials. Scotland Excel have informed the Council of unavoidable increases to costs on two of their frameworks and intelligence is coming from a number of sources that materials may be difficult to source and costlier if they are available. This is partly a world-wide reaction to the pandemic, partly due to Brexit. A report on proposals to manage the Council's response to this situation will be prepared and brought to a future meeting of the Council.
- 6.3 The Council is currently seeking to establish whether the Scottish Government will contribute to the additional costs due to Covid-19 in respect of both the Lossiemouth High School and Linkwood Primary School new build projects. Should the Council have to bear either all or a proportion of these costs, it would be necessary to consider the options available to meet or contain the costs and these would depend on the funding gap the Council had to address.
- 6.4 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.
- 6.5 The main ongoing risk for the vehicle replacement programme is manufacturers failing to deliver to agreed timescales.
- 6.6 Projects can be subject to risks which are outwith the direct control of the Council, such as poor weather conditions.
- 6.7 Lack of staff resources and staff turnover can impact on project timescales and other emerging work priorities can impact on scheduled works.
- 6.8 No other project risks have been specifically identified by budget managers.
- 6.9 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 in early course to look at potential capital requirements and how this might best be funded, with a potential call on reserves to support this.

## **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 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.

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. One of the projects is a spend to save project, anticipated to deliver annual savings of £30,284.

**(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) 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 the Corporate Management Team have been consulted and any comments incorporated in the report.

**8. CONCLUSION**

8.1 Capital expenditure of £39,269,000 was incurred during the year ending 31<sup>st</sup> March 2021.

8.2 Amendments to the Capital Plan of an increase of £7,158,000 in 2021/22 based on departmental requests for carry forwards and other amendments and a decrease of £169,000 in 2022/23 are requested.

Author of Report:  
Background Papers:  
Ref:

Laurie Milne, Senior Accountant

LM/LJC

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