

REPORT TO ABERDEENSHIRE COUNCIL – 26 SEPTEMBER 2019

**QUARTER 1 FINANCIAL PERFORMANCE: NON-HRA CAPITAL BUDGET
2019/20 & CAPITAL PLAN 2019-2034 UPDATE**

1. Recommendations

1.1 The Council is recommended to approve:-

- 1 Revisions to the capital budget for 2019/20 referred to at Appendix 1 and detailed in Appendix 2, giving new totals for expenditure and receipts & revenue financing of £168,106,000 and £52,320,000 respectively;**
- 2 Revisions to the capital budget for future years, as detailed at Appendix 1 and Appendix 2;**
- 3 Transfer of budget between projects and consolidation of budgets detailed at paragraphs 2.8 and 2.9;**
- 4 The additional budget of £168,000 required to fund the Greenbanks Travellers Site project as detailed at paragraph 2.12;**
- 5 The revenue financing costs set out in paragraph 4.2.**

2. Discussion

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

2.2 The overall position is summarised as follows:

	3-Year Capital Plan Sub-Total	2019/20	2020/21	2021/22
	£,000	£,000	£,000	£,000
Original Budget (Full Council 14 February 2019)	288,359	114,109	110,945	63,305
Final Outturn & 7 March 2019 Report Movements	106,301	51,888	36,492	17,921
Sub-Total	394,660	165,997	147,437	81,226
Report Movements (Appendix 1&2)	2,109	2,109	0	0
Revised Budget	396,769	168,106	147,437	81,226

- 2.3 The original budget approved on 14 February 2019 has been updated to reflect the 2018/19 Final Outturn variances reported to Council on 27 June 2019 and also includes the Energy From Waste budget which was approved on 7 March 2019. This report advises on variances amounting to £2,109,000 which increases the 2019/20 budget to £168,106,000. The increase is financed from existing budget reprofiles and grant contributions which are noted in Appendix 2 and explained in detail later in this report.
- 2.4 Members will note that the appendices attached to this report adopt a different format compared to previous years. Actual expenditure is included for the first time and the intention is to focus on the expenditure performance as the year progresses rather than on movement of budgets.
- 2.5 Variations are shown in Appendices 1 and 2. Appendix 1 summarises the position and Appendix 2 shows, in the column headed "Projected Year End Variance 2019/20", the anticipated movement in expenditure compared with the revised budget. Explanatory notes for each anticipated variance are provided in Appendix 3. It is anticipated that expenditure will be £12,330,000 lower this year than originally estimated. This means that the financing requirement financed from cash and prudential borrowing will also be lower in 2019/20. Both expenditure and financing will require to be reprofiled during the next budget setting process along with any other variances that occur as the financial year progresses.
- 2.6 Changes to Capital Plan budget profiles as a result of in-year slippage or acceleration will be updated annually when the Plan is submitted for approval as part of the budgetary setting process rather than amending the Plan budgets after each cycle. Where under/overspends occur in 2019/20, budgets will be reprofiled accordingly in later years.
- 2.7 Appendix 4 details the stand-alone projects in the Capital Plan and shows the approved budget for each project, the prior year spend, what is committed in 2019/20 and the budget remaining in future years, where applicable.
- 2.8 Capital Plan Group, as requested by Council on 22 November 2018, reviewed the Capital Plan commitments and agreed that additional funding of £571,000 required to complete the Regeneration Project at Saltoun Square project could be met from the Development of Industrial Portfolio & Factory Units budget line in 2019/20. A matching sum will be transferred from the Cleaning budget to the Industrial Portfolio budget between 2020-2024. There is no increase to the cash and borrowing requirement across the Capital Plan. As requested by Council, regular updates will be provided to Banff and Buchan Area Committee. In addition, £217,000 of funding has been made available due to a performance bond transferring to the Council.
- 2.9 Education and Children Services have requested that the budgets for Improved Disabled Access and Support for Learners are consolidated as there is little difference between the nature of projects that are funded from these budgets.

- 2.10 Scottish Government awarded Town Centre Fund grant funding of £3,286,000 to Aberdeenshire Council to fund a wide range of investments delivering against the themes of the Town Centre Action Plan. At the conclusion of the process to determine the projects that benefit from the funding, the Council are responsible for delivering projects to the value of £1,892,000 with the remainder falling under the control of third parties, in accordance with the conditions of the grant. An expenditure budget line requires to be added to the Capital Plan along with matching grant to aid the monitoring of expenditure.
- 2.11 Capital Plan Group were asked to consider options concerning the increase in funding required to carry out upgrade works at Greenbanks Travellers Site. The revised cost of the works following receipt of tenders and calculation of fees is estimated at £524,000 which is £168,000 higher than the budget currently approved in the Capital Plan. The Group has recommended that the anticipated shortfall is met from cash & prudential borrowing in 2019/20. As reported in paragraph 2.5, forecast expenditure in 2019/20 is expected to be lower than forecast so can be accommodated this year. However, the additional pressure will require to be accounted for when budgeting for financial year 2020/21.
- 2.12 Capital Plan Group are currently reviewing the Capital Plan and classifying projects into categories which will provide an overview of the areas where capital funding is being utilised. Categories will include investment in existing or new assets that will lead to income generation and invest to save projects. Work is ongoing and Council will be provided with an update when conclusions have been reached.
- 2.13 The Monitoring Officer within Business Services has been consulted in the preparation of this report and is satisfied that the report complies with the Scheme of Governance and relevant legislation.
- 2.14 All services have been consulted via the capital budget monitoring process and their comments and adjustments have been incorporated into this report including the relevant appendices and supporting papers.

3. Scheme of Governance

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

4. Implications and Risk

- 4.1 An Equalities Impact Assessment and a Town Centre Impact Assessment are not required for this report as the report deals with the monitoring of expenditure against budgets which have been approved previously, and the reprofiling of some expenditure.
- 4.2 The revenue budgets for financing costs in 2019/20, 2020/21, 2021/22, 2022/23 and 2023/24 are £30,340,000, £34,706,000, £34,800,000, £35,459,000 and £35,459,000 respectively.

- 4.3 The charges against these budgets will come from the financing costs associated with debt outstanding at 31 March 2019, plus the debt associated with capital spending in 2019/20 onwards.
- 4.4 There are no staffing implications that arise from this report.
- 4.5 The following Risk has been identified as relevant to this matter on a Strategic Level: Balancing the Books ([Directorate Risk Registers](#)).

Ritchie Johnson
Director of Business Services
Report prepared by John Lovie 20 August 2019

ABERDEENSHIRE COUNCIL - 2019/20 NON-HRA CAPITAL PERFORMANCE Q1 (June 2019)

APPENDIX 2

DETAIL	APPROVED BUDGET FEB '19 2019/20 £000	BUDGET Incl. 18/19 FINAL O/T 2019/20 £000	REPORT UPDATES 2019/20 £000	REPORT UPDATES LATER YEARS £000	REVISED BUDGET 2019/20 £000	Par.	Q1 ACTUAL EXPENDITURE 2019/20 £000	19/20 BUDGET REMAINING +/- £000	PROJECTED YEAR END VARIANCE £'000	Note (App. 3)
BUSINESS SERVICES										
15 Buchan House - Police Office Extension	1,467	1,423	-	-	1,423		4	1,419		
16 Carbon Reduction - Council Wide Objectives	800	1,231	-	-	1,231		2	1,229		
17 Cleaning (previously named Public Toilets)	220	224	-	(571)	224	2.8	1	223		
18 Depots	5,476	5,316	-	-	5,316		111	5,205	(2,694)	A
19 Development of Industrial Portfolio & Factory Units	4,500	4,514	(571)	571	3,943	2.8	132	3,811	(1,214)	B
20 Health and Safety - Council Wide Objectives	1,000	975	-	-	975		219	756		
21 Information Communications Technology	1,650	1,444	-	-	1,444		23	1,421		
22 Legal and Governance System Software	-	72	-	-	72		0	72		
23 New Council Office (Previously on Plan as Workspace - Inverurie)	1,200	1,192	-	-	1,192		38	1,154		
24 Planned Maintenance - Council Wide Objectives	4,500	3,296	-	-	3,296		341	2,955		
25 Revenue Budget Projects Funded by Borrowing	6,357	6,357	-	-	6,357		0	6,357		
26 Workspace	820	971	-	-	971		27	944		
27 Workspace - Saltoun Square Fraserburgh	1,035	1,021	788	-	1,809	2.8	97	1,712		
Business Services Total	29,025	28,036	217	-	28,253		995	27,258		
COMMUNITIES										
28 Affordable Housing	3,000	3,000	-	-	3,000		0	3,000		
29 Banchory Sports Village (Community Sports Facility, Hill of Banchory)	-	1,053	-	-	1,053		565	488		
30 Culture Sport and Business Unit	60	60	-	-	60		0	60		
31 Disabled/Elderly Housing Adaptations (Private Sector Housing Grant)	924	1,106	-	-	1,106		0	1,106		
32 Learning Disabilities - Adaptation Centres	125	250	-	-	250		0	250		
33 Peterhead Care and Support Village	250	270	-	-	270		0	270		
34 Social Work - Minor Works	50	189	-	-	189		4	185		
Communities Total	4,409	5,928	-	-	5,928		569	5,359		
EDUCATION & CHILDREN'S SERVICES										
35 Early Learning Childcare (1140 Hours Projects)	10,868	10,468	-	-	10,468		25	10,443		
36 Early Learning Childcare (Children & Young Peoples Bill)	733	776	-	-	776		52	724		
37 ECS Enhancements	4,000	4,684	-	-	4,684		186	4,498		
38 Improved Disabled Access (Education)	400	615	110	2,100	725	2.9	28	697		
39 Inverurie Community Campus	1,765	1,804	-	-	1,804		1	1,803		
40 Kinellar Primary School	-	239	-	-	239		0	239		
41 Kintore Primary School	-	408	-	-	408		0	408		
42 Markethill PS Replacement	-	170	-	-	170		0	170		
43 PFI Lifecycle Replacement (CFCR)	2,389	2,389	-	-	2,389		0	2,389		
44 Portlethen/Hillside PS Causeymouth Road Upgrading Works	200	351	-	-	351		299	52		
45 School Meals P1-P3	236	264	-	-	264		1	263		
46 Support for Learners	150	110	(110)	(2,100)	-	2.9	0	0		
47 Uryside Primary School	-	390	-	-	390		0	390		
48 Westfield Community Hub	-	5	-	-	5		0	5		
Education & Children's Services Total	20,741	22,673	-	-	22,673		592	22,081		

DETAIL	APPROVED BUDGET FEB '19 2019/20 £000	BUDGET Incl. 18/19 FINAL O/T 2019/20 £000	REPORT UPDATES 2019/20 £000	REPORT UPDATES LATER YEARS £000	REVISED BUDGET 2019/20 £000	Par.	Q1 ACTUAL EXPENDITURE 2019/20 £000	19/20 BUDGET REMAINING +/- £000	PROJECTED YEAR END VARIANCE £'000	Note (App. 3)
INFRASTRUCTURE SERVICES										
49 Aberdeen Western Peripheral Route	-	13,903	-	-	13,903		1,005	12,898		
50 Aberdeen Western Peripheral Route (Funded from Nestrans)	22	68	-	-	68		0	68		
51 Access/Environment Projects	50	184	-	-	184		39	145		
52 Bridges & Structures	1,750	2,097	-	-	2,097		131	1,966		
53 Burial Grounds	335	978	-	-	978		13	965		
54 Cycling and Walking	628	1,232	-	-	1,232		47	1,185		
55 Drainage	1,200	1,407	-	-	1,407		0	1,407		
56 Energy from Waste	-	30,467	-	-	30,467		1,209	29,258	(8,022)	
57 Greenbanks Travellers Site	360	356	-	-	356		0	356		
58 Harbours, Coast & Flooding	2,150	2,678	-	-	2,678		79	2,599	(400)	
59 Kintore Station	11,821	11,821	-	-	11,821		0	11,821		
60 Landfill, HWRC	2,000	2,222	-	-	2,222		26	2,196		
61 Nestrans Contribution	650	1,325	-	-	1,325		0	1,325		
62 Parks & Open Spaces	200	600	-	-	600		83	517		
63 Public Transport	4,500	4,538	-	-	4,538		18	4,520		
64 Quarries	475	475	-	-	475		0	475		
65 Roads Resurfacing/Reconstruction	11,750	11,756	-	-	11,756		68	11,688		
66 Safety Initiatives	295	488	-	-	488		0	488		
67 Stonehaven Flooding Scheme	13,054	13,567	-	-	13,567		998	12,569		
68 Storm Frank Works Funded By Grant - Bridges and Flooding	110	282	-	-	282		0	282		
69 Street Lighting	1,334	1,510	-	-	1,510		1	1,509		
70 Town Centre Fund	-	-	1,892	-	1,892	2.10	0	1,892		
71 Vehicles	4,500	4,311	-	-	4,311		471	3,840		
Infrastructure Services Total	57,184	106,265	1,892	-	108,157		4,188	103,969		
CITY REGION DEAL										
72 Aberdeen Harbour Expansion (City Region Deal)	2,000	2,000	-	-	2,000		500	1,500		
73 Digital Infrastructure (City Region Deal)	700	1,045	-	-	1,045		16	1,029		
74 Strategic Transport Appraisal (City Region Deal)	50	50	-	-	50		0	50		
City Region Deal Total	2,750	3,095	-	-	3,095		516	2,579		
TOTAL BUDGET	114,109	165,997	2,109	-	168,106		6,860	161,246		

ABERDEENSHIRE COUNCIL - 2019/20 NON-HRA CAPITAL PERFORMANCE Q1 (June 2019)

APPENDIX 3

Significant Variance Analysis

<u>Note</u>	<u>Budget</u>	Variance 2019/20 £,000	<u>Narrative</u>
A	Depots	(2,694)	Difficulties surrounding land issues at Stonehaven and Mintlaw together with delays on finalising the location for Inverurie Depot means that expenditure is estimated to be £2,694,000 lower than budgeted.
B	Development of Industrial Portfolio & Factory Units	(1,214)	Delays on further redevelopment of sites in Fraserburgh until existing units are let together site constraints at Huntly and units at Inverurie on hold means that expenditure will be £1,214,000 lower than originally estimated.
C	Energy From Waste	(8,022)	Milestone payments were agreed and signed off in August 2019 which was later than originally planned. Expenditure in 2019/20 is expected to be £8,022,000 lower than forecast.
D	Harbours, Coast & Flooding	(400)	£400,000 had been set aside for additional soil nails at Gardenstown. Following a detailed review of the Phase 1 works it was recommended that the solid nails were not necessary. The Service will progress with monitoring and inspection of Phase 1 works including drainage improvements which will be met from the existing Flood Management revenue budget.

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APPENDIX 4

BUDGET OVERVIEW ON STAND-ALONE PROJECTS

DETAIL	TOTAL BUDGET APPROVED FOR PROJECT £'000	CUMULATIVE PROJECT SPEND PRIOR YEARS £'000	REVISED BUDGET 2019/20 £'000	TOTAL COMMITMENT to 19/20 £'000	BUDGET AVAILABLE FUTURE YEARS £000
BUSINESS SERVICES					
15 Buchan House - Police Office Extension	1,517	94	1,423	1,517	0
22 Legal and Governance System Software	72	0	72	72	0
23 New Council Office (Previously on Plan as Workspace - Inverurie)	25,541	408	1,192	1,600	23,941
COMMUNITIES					
29 Banchory Sports Village (Community Sports Facility, Hill of Banchory)	8,725	7,672	1,053	8,725	0
33 Peterhead Care and Support Village	7,983	29	270	299	7,684
EDUCATION & CHILDREN'S SERVICES					
35 Early Learning Childcare (1140 Hours Projects)	27,174	1,056	10,468	11,524	15,650
36 Early Learning Childcare (Children & Young Peoples Bill)	8,797	7,521	776	8,297	500
39 Inverurie Community Campus	3,316	314	1,804	2,118	1,198
40 Kinellar Primary School	12,193	11,838	239	12,077	116
41 Kintore Primary School	15,064	14,274	408	14,682	382
44 Portlethen/Hillside PS Causeymouth Road Upgrading Works	450	99	351	450	0
45 School Meals P1-P3	753	489	264	753	0
47 Uryside Primary School	12,806	11,957	390	12,347	459
48 Westfield Community Hub	3,838	3,508	5	3,513	325
INFRASTRUCTURE SERVICES					
49 Aberdeen Western Peripheral Route	75,000	53,514	13,903	67,417	7,583
50 Aberdeen Western Peripheral Route (Funded from Nestrans)	68	0	68	68	0
56 Energy from Waste	85,502	622	30,467	31,089	54,413
57 Greenbanks Travellers Site	360	4	356	360	0
59 Kintore Station	13,143	362	11,821	12,183	960
67 Stonehaven Flooding Scheme	17,063	1,225	13,567	14,792	2,271
68 Storm Frank Works Funded By Grant - Bridges and Flooding	1,675	1,393	282	1,675	0
70 Town Centre Fund	1,892	0	1,892	1,892	0
CITY REGION DEAL					
72 Aberdeen Harbour Expansion (City Region Deal)	5,500	3,500	2,000	5,500	0
73 Digital Infrastructure (City Region Deal)	3,500	55	1,045	1,100	2,400
74 Strategic Transport Appraisal (City Region Deal)	1,000	326	50	376	624
TOTAL	332,932	120,260	94,166	214,426	118,506

