

REPORT TO ABERDEENSHIRE COUNCIL – 13 JANUARY 2022

FINANCIAL PERFORMANCE FOR GENERAL SERVICES CAPITAL EXPENDITURE AS AT 30 NOVEMBER 2021

1. Executive Summary/Recommendations

1.1 To appraise Council of the financial performance position for General Services Capital expenditure as at 30 November 2021.

1.2 The Council is recommended to:

1.2.1 Consider and discuss the Capital expenditure financial performance position for the period 1 April to 30 November 2021 and the estimated £29.553m under budget position at the year end; and

1.2.2 Note the projected variances as set out in the appendices attached to the report, with the main variances detailed in paragraph 3.8.

2. Decision Making Route

2.1. This report outlines the financial performance position of the Council's General Services Capital expenditure as at 30 November 2021.

2.2. A report has been issued to each Policy Committee detailing the financial performance position in respect of the capital projects pertaining to the services for which the Policy Committee is responsible.

3. Discussion

3.1. The Capital Plan forms part of the Medium-Term Financial Strategy (MTFS) and reflects the Council's capital priorities for the current and future years.

3.2. The capital projects identified in the 2021/22 budget were agreed as part of the Council's 15 Year Capital Plan in March 2021. Council approved a revised budget at its meeting on 23 September 2021 which reflected capital works brought forward from 2020/21. Council approved the estimated costs for two new schools at Fraserburgh and Stonehaven on 18 November 2021 and the budget has been revised for the anticipated spend this financial year.

3.3. It is recognised that the nature of capital expenditure is such that there are instances whereby large projects can take longer to deliver than expected and as such it is important to view the Capital Plan as a series of connected years.

3.4. The Capital budget was set in March 2021 at £121.316m and revised budget approved in September 2021 was set at £145.5m and updated again in November 2021 and set at £145.542m.

3.5. As at 30 November 2021, the Council has spent £50.819m or 35% of the revised budget in the first 8 months.

- 3.6. It is estimated that expenditure will be £29.553m lower than budget for the year. Appendices 1 and 2 provide the breakdown of the position for each project.
- 3.7. The revenue borrowing costs associated with capital expenditure incurred in the current financial year are reflected in the year following the actual expenditure. Therefore, an under-budget capital position in 2021/22 will reduce the revenue costs charged to the 2022/23 revenue budget. The fluidity of the capital budget will result in movements across financial years and changes to associated borrowing costs.
- 3.8. The reasons for the main variances are as follows: -

Programme	Note	Budget Reprofiling £000s	Saving £000s
Carbon Reduction	Tender for the Non-Domestic Energy Efficiency programme was approved later than anticipated. However, most of the programmed works will fall into 2022/23 meaning that budget amounting to £1.954m requires to be deferred until next financial year.	(1,954)	
Depots	Depot Strategy Review has been progressed and it is anticipated will be presented to Council in February 2022. However, budget of £1.669m requires to be reprofiled to later years pending approval of the programme.	(1,669)	
Workspace - Viewmount Stonehaven	Final costs are lower than anticipated, full budget not required resulting in estimated savings of £0.246m		(246)
Affordable Housing	Programme developed and re-profiled – resulting in lower expenditure this financial year. 21/22 - 1 developments (27 units) 22/23 - 6 developments (154 units) 23/24 4 developments (130 units)	(2,850)	
Disabled/Elderly Housing Adaptations (Private Sector Housing Grant)	Estimated increases in costs of building materials as well as responses to backlog resulting from Covid-19 restrictions, expenditure is expected to exceed budget. Later years budget will be reprofiled.	221	
Live Life Aberdeenshire	Service request to reprofile £1.215m of budget to later years and align with Infrastructure Fund 1 and strategic projects, pending completion of business cases.	(1,215)	
Peterhead Care and Support Village	Strategic Service priorities under review, and future needs analysis in progress, anticipated to complete in December 2021. Nil expenditure in 2021/22.	(250)	

Programme	Note	Budget Reprofileing £000s	Saving £000s
Early Learning Childcare (1140 Hours Projects)	A review of final delivery options is underway. Service has identified additional strategic priorities not covered by the 1140 budget. Discussions are ongoing, resulting in delays of award of works to complete the programme. The variance of £4.535m requires to be reprofiled to 22/23 along with matched funding.	(4,535)	
Kintore Primary School	Outstanding drainage works planned for this financial year will not be progressed until next financial year meaning budget amounting to £333k requires to be reprofiled.	(333)	
Cycling and Walking	A number of projects will not happen in 2021/22 due to other commitments in the Roads Maintenance Programme. Decisions are pending on some projects and land acquisition issues affect some projects. £855k of budget requires to be reprofiled to later years.	(855)	
Public Transport	Projects encountering delays include:- Blackdog Footpath (design/tender delays), Colpy Junction (Trans Scot approvals), Crathes Mini Hub (land issues) Oldmeldrum Travel Hub (design ongoing). Budget of £0.581m requires to be reprofiled.	(581)	
Vehicles	Due to longer lead-in times for delivery of vehicles already ordered, it is anticipated that a number of vehicles will not be delivered this financial year meaning budget of £1m requires to be reprofiled.	(1,000)	
Infrastructure Fund 1 – Live Life Aberdeenshire & ECS	Projects now programmed across the IF1 investment period. Most are at an early stage. The 2021-2023 timeline is further dependent on a participatory budgeting exercise on the Stonehaven Sport and Physical Activity investment programme.	(2,383)	
Infrastructure Fund 2	Given scale of investment, work ongoing to develop programme of works and for plan best use of resources. It is estimated that there will be additional expenditure on road repairs in the current financial year through the tendering of £2 million worth of contracts, with the remainder of this years budgeted spend profile falling into 2022/23.	(11,000)	
Digital Infrastructure (City Region Deal)	Variance mainly due to a change in spend profile for Duct Network Extension programme, with Phase 3 construction not likely to start until 2022/23. This, together with a delay until early 2022/23 for completion of one of the Full Fibre sites will result in £300k of expenditure being incurred in the next financial year.	(300)	

Programme	Note	Budget Reprofiting £000s	Saving £000s
Strategic Transport Appraisal (City Region Deal)	Proposals for the next five years of work on the Appraisal were recently identified and developed, mapping proposals coming out of the Regional Transport Strategy. Funding in 2021/22 will be drawn down from government grant and Council funds will be used in later years. The total budget remains unchanged.	(157)	
	Various small variances, none greater than £90k	(446)	
		(29,307)	(246)
	Total	(29,553)	

4 Council Priorities, Implications and Risk

- 4.1. This report helps deliver all six to the Council's Strategic Priorities and the key principle that underpins them of responsible, long-term financial planning.
- 4.2. The table below shows whether risks and implications apply if the recommendations are agreed.

Subject	Yes	No	N/A
Financial	X		
Staffing		X	
Equalities and Fairer Duty Scotland			X
Children and Young People's Rights and Wellbeing			X
Climate Change and Sustainability			X
Health and Wellbeing			X
Town Centre First			X

- 4.3. An Integrated Impact Assessment is not required for this report as the report deals with the monitoring of expenditure against budgets which have been approved previously, and the re-profiling of some expenditure.
- 4.4. Any staffing and financial implications that arise will be discussed and considered by the relevant Policy Committee.
- 4.5. The following Risk has been identified as relevant to this matter on a Corporate Level: Budget Pressures - [Corporate Risk Register](#). The following Risk has been identified as relevant to this matter on a Strategic Level: Balancing the Books - [Directorate Risk Registers](#).

5. Scheme of Governance

- 5.1 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.

- 5.2 The Council is able to consider and take a decision on this item in terms of Section A.8.1 of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to the approval of the annual estimates for Capital.

Ritchie Johnson
Director of Business Services

Report prepared by Alison Alexander, Team Leader and John Lovie, Accountant
Date 9 December 2021

List of Appendices –
Appendix 1 – Summary by Service
Appendix 2 – Detail by Project

Appendix 1

ABERDEENSHIRE COUNCIL - FINANCIAL PERFORMANCE: 2021/22 GENERAL SERVICES CAPITAL PERFORMANCE - NOVEMBER 2021

SUMMARY	APPROVED BUDGET MAR '21 2021/22 £000	REVISED BUDGET 2021/22 £000	ACTUAL NOV '21 2021/22 £000	FULL YEAR FORECAST 2021/22 £000	PROJECTED VARIANCE 2021/22 £000
TOTAL PLANNED EXPENDITURE					
1 Business Services	16,377	17,437	6,256	13,391	(4,046)
2 Communities	5,649	5,961	1,115	1,920	(4,041)
3 Education and Children's Services	17,793	19,390	9,117	14,316	(5,074)
4 Infrastructure Services	62,677	83,899	34,142	81,347	(2,552)
5 Infrastructure Fund 1	3,975	3,975	5	1,592	(2,383)
6 Infrastructure Fund 2	13,000	13,000	0	2,000	(11,000)
7 City Region Deal	1,845	1,880	184	1,423	(457)
Expenditure Total	121,316	145,542	50,819	115,989	(29,553)
FINANCING					
Scottish Government					
8 General Capital Grant	22,968	23,532	15,312	23,532	0
9 Specific Grant - Cycling and Walking	1,144	1,546	0	1,546	0
10 1140 Hours Capital Funding	9,572	9,134	4,290	4,599	(4,535)
11 Early Learning Childcare (Digital Devices and Connectivity)	0	154	154	154	0
12 Gypsy Traveller Site Upgrades	0	138	95	138	0
13 Aberdeen Western Peripheral Route - De-trunking Fund	0	1,176	0	1,176	0
14 Town Centre Fund	0	1,131	572	1,131	0
15 Place Based Investment Programme	0	460	0	460	0
16 Other Grants	560	4,796	1,975	4,796	0
Internal Financing					
17 PFI Lifecycle Replacement (CFCR)	1,283	1,283	855	1,283	0
18 Sales	3,627	3,627	1,088	3,627	0
Receipts and Revenue Total	39,154	46,977	24,341	42,442	(4,535)
19 Cash & Prudential Borrowing	82,162	98,565	26,478	73,547	(25,018)
Financing Total	121,316	145,542	50,819	115,989	(29,553)
OVER (UNDER) AVAILABLE FINANCING	0	0	0	0	0

Appendix 2

ABERDEENSHIRE COUNCIL - FINANCIAL PERFORMANCE: 2021/22 GENERAL SERVICES CAPITAL PERFORMANCE - NOVEMBER 2021

DETAIL	APPROVED BUDGET MAR '21 2021/22 £000	REVISED BUDGET 2021/22 £000	ACTUAL SEP '21 2021/22 £000	FULL YEAR FORECAST 2021/22 £000	PROJECTED VARIANCE 2021/22 £000
BUSINESS SERVICES					
20 Buchan House Police Extension	0	0	42	50	50
21 Carbon Reduction - Council Wide Objectives	2,366	2,355	62	401	(1,954)
22 Cleaning (previously named Public Toilets)	38	27	4	38	11
23 Depots	1,645	1,798	56	129	(1,669)
24 Development of Industrial Portfolio & Factory Units	1,076	1,076	350	994	(82)
25 Health and Safety - Council Wide Objectives	450	450	298	375	(75)
26 Information Communications Technology	1,750	1,729	670	1,800	71
27 Legal and Governance System Software	44	64	0	20	(44)
28 Lifecycle Maintenance (previously Planned Maintenance)	6,403	8,496	3,928	8,424	(72)
29 Workspace - Office Space Strategy	2,500	988	712	952	(36)
30 Workspace - Viewmount Stonehaven	105	454	134	208	(246)
Business Services Total	16,377	17,437	6,256	13,391	(4,046)
COMMUNITIES					
31 Affordable Housing	3,000	3,000	0	150	(2,850)
32 Banchory Sports Village	0	0	4	4	4
33 Disabled/Elderly Housing Adaptations (Priv.Sector Hsg Grant)	500	679	525	900	221
34 Greenbanks Travellers Site	0	0	23	23	23
35 Gypsy Traveller Site Upgrades	0	138	95	138	0
36 Live Life Aberdeenshire	1,752	1,752	372	537	(1,215)
37 Learning Disabilities - Adaptation Centres	35	37	45	29	(8)
38 Peterhead Care and Support Village	250	250	0	0	(250)
39 Social Work - Minor Works	112	105	51	139	34
Communities Total	5,649	5,961	1,115	1,920	(4,041)
EDUCATION & CHILDREN'S SERVICES					
40 Early Learning Childcare (1140 Hours Projects)	9,572	9,134	4,290	4,599	(4,535)
41 Early Learning Childcare (Children & Young Peoples Bill)	105	402	147	402	0
42 Early Learning Childcare (Digital Devices and Connectivity)	0	154	154	154	0
43 ECS Enhancements	3,591	3,556	2,877	3,496	(60)
44 Capitalisation of Other Projects	2,000	2,000	0	2,000	0
45 Improved Disabled Access (Education)	773	814	159	791	(23)
46 Inverurie Community Campus	354	1,533	592	1,500	(33)
47 Kintore Primary School	0	358	22	25	(333)
48 Learning Estates Improvements	100	100	21	21	(79)
49 New Build Primary - Fraserburgh	0	21	0	21	0
50 New Build Primary and Special School - Stonehaven	0	21	0	21	0
51 PFI Lifecycle Replacement (CFCR)	1,283	1,283	855	1,283	0
52 Portlethen/Hillside PS Causeymouth Rd Upgrading Works	15	14	0	3	(11)
Education & Children's Services Total	17,793	19,390	9,117	14,316	(5,074)

Appendix 2

ABERDEENSHIRE COUNCIL - FINANCIAL PERFORMANCE: 2021/22 GENERAL SERVICES CAPITAL PERFORMANCE - NOVEMBER 2021

DETAIL	APPROVED BUDGET MAR '21 2021/22 £000	REVISED BUDGET 2021/22 £000	ACTUAL SEP '21 2021/22 £000	FULL YEAR FORECAST 2021/22 £000	PROJECTED VARIANCE 2021/22 £000
INFRASTRUCTURE SERVICES					
53 Aberdeen Western Peripheral Route	2,959	6,136	275	6,136	0
54 Aberdeen Western Peripheral Route - De-trunking Fund	0	1,176	0	1,176	0
55 Access/Environment Projects	66	66	0	66	0
56 Bridges & Structures	850	850	668	795	(55)
57 Burial Grounds	125	361	61	412	51
58 Capitalisation of Revenue Projects	7,000	7,000	0	7,000	0
59 Carbon Reduction - Electric Mini Buses (Nestrans Funded)	0	248	171	248	0
60 Cycling and Walking	1,269	2,253	447	1,398	(855)
61 Cycling and Walking (Nestrans Funded)	0	847	195	847	0
62 Drainage	1,000	1,000	68	1,000	0
63 Energy from Waste	18,000	25,699	15,370	25,699	0
64 Harbours, Coast & Flooding	1,750	3,000	474	3,000	0
65 Landfill, HRC	500	601	144	511	(90)
66 Nature Restoration Fund	0	268	0	268	0
67 Nestrans Contribution	3,307	3,690	586	3,690	0
68 Parks & Open Spaces	370	660	525	660	0
69 Place Based Investment Programme	0	460	0	460	0
70 Play Parks Renewal	0	296	0	296	0
71 Public Transport	2,177	2,144	778	1,563	(581)
72 Public Transport (Nestrans Funded)	0	562	97	562	0
73 Quarries	200	630	0	630	0
74 Roads Resurfacing/Reconstruction	11,750	11,750	7,774	11,750	0
75 Safety Initiatives	250	250	47	228	(22)
76 Safety Initiatives (Nestrans Funded)	0	619	1	619	0
77 Stonehaven Flooding Scheme	4,601	4,940	2,308	4,940	0
78 Storm Frank Works Funded By Grant - Bridges and Flooding	3	3	2	3	0
79 Street Lighting	1,500	1,683	336	1,683	0
80 Town Centre Fund (Council Projects)	0	1,131	759	1,131	0
81 Vehicles	5,000	5,576	3,056	4,576	(1,000)
Infrastructure Services Total	62,677	83,899	34,142	81,347	(2,552)
INFRASTRUCTURE FUND 1					
82 IF1 - Bridges & Infrastructure Services Projects	2,175	2,175	0	1,077	(1,098)
83 IF1 - Live Life Aberdeenshire	1,800	1,260	0	460	(800)
84 IF1 - Education & Children's Services	0	540	5	55	(485)
Infrastructure Fund Total	3,975	3,975	5	1,592	(2,383)
INFRASTRUCTURE FUND 2					
85 Infrastructure Fund 2	13,000	13,000	0	2,000	(11,000)
	13,000	13,000	0	2,000	(11,000)
CITY REGION DEAL					
86 Digital Infrastructure (City Region Deal)	1,688	1,723	184	1,423	(300)
87 Strategic Transport Appraisal (City Region Deal)	157	157	0	0	(157)
City Region Deal Total	1,845	1,880	184	1,423	(457)
TOTAL BUDGET	121,316	145,542	50,814	112,397	(29,553)