



REPORT TO: MORAY COUNCIL ON 28 JUNE 2018

SUBJECT: CAPITAL PLAN 2017/18

BY: ACTING CORPORATE DIRECTOR (CORPORATE SERVICES)

1. REASON FOR REPORT

- 1.1 To advise Council of the expenditure to 31 March 2018 under the capital plan for financial year 2017/18 and to recommend budget adjustments for inclusion in the 2018/19 Capital Plan and future years.
- 1.2 This report is submitted to Council in terms of Section II (24) of the Council's Administrative Scheme relating to consideration of the annual estimate for capital expenditure.

2. RECOMMENDATION

2.1 It is recommended that the Council:

- (i) notes expenditure to 31 March 2018 of £50,624,000;**
- (ii) approves carry forwards to 2018/19 and future years totalling £1,131,000 as summarised in paragraph 5.1;**
- (iii) approves 2018/19 budget deferral of £1,452,000 as detailed in paragraph 5.3.3**
- (iv) approves budget transfers in 2018/19 capital plan relating to bridges projects as detailed in paragraph 5.3.4**
- (v) approves inclusion in 2018/19 capital plan of a new project at Arthurs Bridge budgeted at £114,000 as detailed in paragraph 5.3.5**

3. BACKGROUND

- 3.1 The capital plan for 2017/18 was approved by a meeting of Moray Council on 15 February 2017. Amendments approved by Council and by Policy and Resources Committee throughout the financial year have been incorporated to give a final approved capital plan for 2017/18 of £52,460,000.

- 3.2 Regular monitoring reports are provided to committee showing expenditure to date for each project and details of capital receipts received. This committee on 10 May 2016 agreed to amendments to the information provided in response to the Audit Scotland report "Major Capital Investment in Councils". Accordingly this report includes a separate **APPENDIX 2**, giving details of expenditure on projects which span more than one financial year.
- 3.3 The Council on 30 March 2016 approved that any amendments to the Capital Plan in future would be approved by Full Council considering the complete Capital Plan and any proposed amendments in its entirety and that there would be two occasions in the year when this would take place: when the annual revenue budget is approved and when capital carry forwards from the previous year are considered. Financial Regulations approved by Council on 28 February 2018 amended this to allow for review when the half year estimates are being considered.

4. CAPITAL PLAN 2017/18

- 4.1 A copy of the capital plan for 2017/18 is attached as **APPENDIX 1**. Expenditure to 31 March 2018 of £50,624,000 has been funded by General Capital Grant of £8,756,000, specific government grants of £1,694,000, other grants and developer contributions of £353,000, capital receipts of £655,000, borrowing of £12,971,000 and Design, Build, Finance and Maintain (DBFM) funding of £26,195,000 for the new Elgin High School.

4.2 Land and Buildings

The Capital Plan included provision of £39,997,000 for expenditure on land and buildings. Actual expenditure totalled £38,511,000. The detail of this is discussed below.

- 4.2.1 Current budget of £4,008,000 on the School Essential Works Programme was approved with actual expenditure of £3,715,000. The first phase works are complete for the 2017/18 programme. Variances within this budget heading include:-
- East End Primary mechanical and electrical works which out-turned £904,000 representing a saving of £150,000 due to contract works being less than budget;
 - East End Primary roofworks which out-turned £242,000 representing a small budget saving of £6,000;
 - Speyside High School building works which out-turned £1,147,000 representing a saving of £184,000 due to contract works being less than budget;
 - Cluny Primary mechanical and electrical works which out-turned £443,000 representing a small saving of £13,000;
 - Forres Academy mechanical and electrical works which out-turned £440,000 representing a saving of £34,000 due to contract works being less than budget;
 - Forres Academy flat roof works which out-turned £177,000 representing a saving of £38,000 due to contract works being less than budget;

- Forres Academy boiler replacement works incurred unbudgeted final retention costs of £5,000;
 - Hopeman Primary roof and stonework which out-turned £357,000 representing an overspend of £127,000 due to more extensive works being required than initially expected following detailed investigations of the building structure.
- 4.2.2 A number of prior years' secondary school projects incurred final costs totalling £29,000 for which there was no budget provision.
- 4.2.3 Preliminary costs of £100,000 have been incurred on several school 'make do and mend' projects, with the main expenditure budgeted for in 2018/19.
- 4.2.4 The replacement of retractable seating at Milnes High School is complete and shows an outturn of £45,000, resulting in a budget saving of £64,000.
- 4.2.5 Schools for the Future – Works are complete at all 4 primary schools included within this project, namely Applegrove, Millbank, Seafield and St Gerardines. The total budget for this project is £21.36m. The final account has yet to be agreed with the contractor, therefore the actual project cost cannot be confirmed. However, savings have continued to be sought throughout the project and recent projections indicate that the underspend in this financial year of £358,000 will be part of a saving over the whole project of £1.160m, as summarised in Appendix 2.
- 4.2.6 Legionella works show an outturn of £21,000 against the budget of £35,000. The Fire Safety budgets out-turned £141,000 representing an underspend of £147,000 due to works delayed on committed projects.
- 4.2.7 Milnes Primary School Early Learning & Childcare – this ongoing project shows an outturn of £1.330m, resulting in an underspend in the year of £358,000. The contractor has confirmed that works to complete the new nursery and early years building are on target to be completed by the contract completion date of June 2018. Following completion, the final phase of the project which involves demolition of the existing nursery block, final refurbishment of the dining block along with landscaping will commence with completion planned for August 2018.
- 4.2.8 Linkwood Primary School (At East End Primary) – The temporary location for Linkwood Primary School at East End Primary School is in operation. The refurbishment works uncovered a number of essential maintenance and health and safety issues which have led to an outturn of £345,000, representing a budget overspend of £162,000.
- 4.2.9 The project to build the new Linkwood Primary School for Elgin South shows an outturn of £526,000 representing an overspend in the year of £109,000. Expenditure to date relates to preliminary design fees from hubNorth, planning fees and building warrant fees. A programme has been developed which targets handover of the school during October 2019. Significant alterations have been made to the original design and layout, however the current projected cost is £12.33m which excludes IT equipment and inflation.

The current approved budget is £11.5m. The works packages are currently being tendered and the results of these will provide clarity regarding the cost of constructing the school. A report on the full projected costs will be prepared and submitted to the Children and Young Peoples Services Committee once the tender results are known and when there is greater clarity on the impact on the programme from issues such as the delayed section 75 planning agreement and construction inflation. Contingency plans are being developed should the completion date move beyond the start of the 2020 academic year.

- 4.2.10 The final account has been closed on the Speyside High Campus project with an outturn of £5,000, resulting in an underspend of £77,000 in this financial year.
- 4.2.11 No further work is required on the security alterations at Speyside High, resulting in a saving of £15,000 in this financial year.
- 4.2.12 The replacement of hatted accommodation at Forres Academy shows nil expenditure in this financial year, resulting in an underspend of £37,000, with the final payment to the contractor due only when a roof guarantee is provided by the contractor.
- 4.2.13 The replacement of Lossiemouth High School has incurred preliminary design fees of £1,039,000 from hubNorth Scotland, representing a budget underspend of £127,000 in this financial year. This project has been subject to delays but the final design has been agreed and a planning application has been submitted and approved. Due to the ground conditions and solution required to remedy this, a guaranteed maximum price has been reached of £42.3m. This was subject to an extensive options appraisal exercise with agreement being reached which resulted in a slightly reduced area for the school, retention of community facilities, the provision of an all-weather pitch and the car park being relocated to the top of the site. Additional funding for this option was approved by the Scottish Futures Trust bringing the Scottish Government contribution to a total of £26.39m. A special meeting of Full Council on 13 March 2018 approved Council funding of £15.9m. The main school building and community facilities are currently programmed to be completed by June 2020.
- 4.2.14 The Elgin High School replacement is complete and fully operational. The High School project is funded through a DBFM model which has a capital value of £26,195,000 as identified in Appendix 1. Equipment outwith the main contract, including gym equipment and ICT equipment, was originally planned to be funded from Council's reserves, however as this equipment is capital in nature, it is more appropriate to fund this expenditure as part of the Council's capital plan. It also protects the Council's reserves. Expenditure of £251,000 has been incurred on equipment in this financial year.
- 4.2.15 Preliminary fees of £1,000 have been incurred for the proposed new school at Findrassie Elgin.

- 4.2.16 Underspends of £6,000 and £18,000 respectively have been recorded on the completed projects for the ASN base at Forres Academy and the nursery provision at Hopeman Primary School.
- 4.2.17 Final costs for Forres pool refurbishment out-turned at £40,000, representing a budget overspend of £20,000. Expenditure of £19,000, mainly on pool equipment, was incurred under the project heading of All Public Facilities, representing an underspend of £8,000.
- 4.2.18 External works at Cullen Community Centre are complete and have out-turned £60,000, representing an overspend of £9,000 in this financial year due to insufficient budget carried forward from prior years. Including 2017/18 with prior years, the works at Cullen showed a saving of £11,000 when compared to the original budget of £150,000 allocated to this project.
- 4.2.19 Works on Early Learning and Childcare provision at Lady Cathcart in Buckie out-turned £118,000 with completion of the project planned for 2018/19.
- 4.2.20 The residential facility for looked after children is operational and, with the additional fire safety works now complete, has out-turned £27,000 representing an overspend of £13,000.
- 4.2.21 The residential facility for people with complex housing needs is operational and has out-turned £853,000 in this financial year. Further invoices are due and the current estimate for this project is for an overspend of £65,000.
- 4.2.22 Overall expenditure on Industrial Estates was £1,824,000 against a budget of £1,955,000. The project to provide serviced sites at March Road Buckie shows an underspend due to project slippage of £92,000 with works due to be completed in 2018/19. Refurbishment of the industrial portfolio shows an underspend of £12,000 with drainage works at Isla Bank Mills Keith due to be completed in 2018/19. Site servicing work at Chanonry Road Elgin shows an underspend of £24,000 with disposal of surplus materials planned for 2018/19.

4.2.23 Expenditure of £310,000 was incurred at Dallachy landfill site, against a budget of £274,000. This overspend is only a timing difference, with budget of £214,000 having been deferred to 2018/19 at an earlier committee. Due to other commitments, upgrades to recycling facilities, which out-turned at £44,000 representing an underspend of £51,000, are now due for completion in 2018/19. The project to redevelop and consolidate waste facilities at Moycroft outturned £38,000, representing an underspend of £86,000 due to ongoing options appraisal and value engineering resulting in delays in progressing to tender stage. The interauthority agreement with Aberdeen City Council and Aberdeenshire Council relating to the NESS energy project out-turned at £131,000, representing an underspend of £424,000 due to delays in acquisition of land at the proposed site.

4.2.24 Ground investigation site work for a replacement burial ground in Elgin out-turned at £4,000, representing an underspend of £11,000.

4.2.25 Legionella and Fire Risk Assessment upgrades out-turned at £37,000 representing a minor underspend of £5,000 while depot maintenance works out-turned at £239,000 representing a minor overspend of £7,000. Final completion costs of £10,000 were incurred on the 2015/16 window replacement project in Council Headquarters Elgin. The projects at the Muckle Cross Elgin and Plainstones Fountain Elgin both out-turned on budget at £44,000 and £80,000 respectively.

4.3 Infrastructure

The Capital Plan included provision of £7,759,000 for expenditure on infrastructure. Actual expenditure totalled £8,279,000. The detail of this is discussed below.

4.3.1 Expenditure on road safety measures totalled £286,000 against a budget of £335,000, with an underspend of £50,000 on road safety barrier provision due to a lack of staff resource. Disability adaptations programme out-turned £52,000 representing an underspend of £9,000 for the year, the slippage due to prolonged winter weather during the period allocated to this programme.

4.3.2 Road Improvements including carriageway resurfacing, reconstruction and surface dressing, timber traffic works, footways and drainage works out-turned £3,536,000 from a budget of £3,622,000, representing an overall underspend of £86,000. Carriageway resurfacing and timber traffic works recorded overspends of £14,000 and £62,000 respectively while footways and drainage works recorded underspends of £25,000 and £137,000 respectively.

4.3.3 Bridge works out-turned £100,000 from a budget of £150,000 with small underspends recorded against a number of bridge projects.

- 4.3.4 Expenditure of £49,000 was recorded for work at the Hay Street/South Street junction in Elgin as part of the Elgin Transport Strategy. Final expenditure of £11,000, with matching grant funding, was recorded for work on the Elgin High School cycletrack. Completion of the access road to Elgin High School out-turned £104,000, representing a small budget underspend of £4,000.
- 4.3.5 Street lighting projects out-turned expenditure of £1,564,000 from a budget of £1,990,000. The project to replace SON/SOX lighting with LED lighting shows a saving of £423,000 due to a combination of procurement savings and operational efficiencies.
- 4.3.6 Expenditure of £684,000 against a budget of £67,000 was incurred for projects relating to the upgrade and replacement of life-expired items at harbours. Unbudgeted work to repair storm damage to the harbour wall in Cullen out-turned £560,000. Pontoon replacements at Findochty Harbour, budgeted for in early 2018/19, were replaced in late March 2018 and out-turned £105,000 and works at Buckie Harbour out-turned £17,000. The project for the economic development of harbours out-turned £32,000 from a budget of £39,000 with the expenditure relating to infrastructure work to facilitate the attraction of new business to Buckie Harbour.
- 4.3.7 Flood risk management projects at Portgordon and Lossiemouth Seatown out-turned £129,000 from a budget of £170,000 with work ongoing into 2018/19.
- 4.3.8 Flood alleviation schemes out-turned £1,732,000 from a budget of £1,157,000. Expenditure of £563,000 for Elgin and £780,000 for Forres (River Findhorn & Pilmuir) was incurred, mainly due to completion of land compensation payments. Approved capital budget is held in future years for potential payments and the total projected expenditure for Elgin and Forres (River Findhorn & Pilmuir) schemes remain within the original budget allocations. Land compensation costs of £6,000 were incurred for Rothes. Expenditure of £62,000 was incurred from a budget of £140,000 on the Newmill scheme where works are complete but potential land compensation claims remain outstanding. Dallas has out-turned £321,000 from a budget of £282,000 with the overspend of £39,000 due to additional material processing required on site because of the quantity of large stones found during embankment works.

4.4 Vehicles, Plant & Equipment

The Capital Plan included provision of £4,704,000 for expenditure on vehicles, plant and equipment. Actual expenditure totalled £3,834,000. The detail of this is discussed below.

- 4.4.1 Replacement swimming pool & fitness equipment out-turned on budget at £100,000.
- 4.4.2 The vehicle replacement budget of £2,420,000 was fully committed but delays in delivery due to supplier issues resulted in an underspend of £482,000.

- 4.4.3 Final expenditure of £27,000 was incurred for the dredger giving a small overspend of £7,000 in this financial year. However the dredger project across the financial years shows an overall saving of £30,000.
- 4.4.4 The Equipment (ED&I committee) budget heading, which includes a number of projects, has out-turned £112,000 from a budget of £144,000 with the main variance being an underspend of £20,000 relating to the pool car booking system which is now due for completion in 2018/19.
- 4.4.5 The ICT core programme out-turned £1,351,000 from a budget of £1,701,000 representing an overall spend of £350,000 under budget. The servers infrastructure project out-turned £116,000 from a budget of £201,000 with work on some of the servers extended via the national server maintenance framework in order to reduce capital spend. The network infrastructure project out-turned £74,000 from a budget of £100,000 representing an underspend of £26,000 due to slippage in the project. The desktop and mobile devices project out-turned £224,000 from a budget of £251,000 representing an underspend of £27,000, partly due to some slippage in the project. There are minor underspends of £11,000 in the Software project, £12,000 in the SWAN fibre optic cabling project and £16,000 in the schools ICT strategy project. The digital public services project out-turned £179,000 from a budget of £352,000 representing an underspend of £173,000 due in part to slippage but mainly due to savings achieved through a combination of use of national contracts, extending the use of existing systems and using freely available tools.
- 4.4.6 Replacement office furniture out-turned £6,000 from a budget of £10,000.
- 4.4.7 Implementation of the Corporate committee management information system is now planned for 2018/19 and no spend was incurred against the budget of £18,000. Following the tender process the estimated implementation cost is now £5,000, representing a budget saving of £13,000.
- 4.4.8 Replacement of CCTV systems is complete with an out-turn of £47,000 from a budget of £51,000.
- 4.4.9 Expenditure of £13,000 has been incurred during this year relating to implementation of a new stores stock system for occupational therapy, part of the remit of the Integrated Joint Board. The system is now operational. No specific allowance for this was made when the capital plan was approved.
- 4.4.10 The Council is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme and has purchased allowances during 2017/18 of £217,000. The correct accounting treatment of this purchase is to capitalise the allowances and so the purchase is included within the capital plan.

5. **CARRY FORWARD TO CAPITAL PLAN 2018/19 AND FUTURE YEARS**

- 5.1 Budget managers have requested carry forward of some of the budget underspends and overspends in 2017/18, reflecting amended timing of expenditure. Net carry forwards of £1,131,000 are recommended, as summarised in this table. The reasons for this are discussed below.

	2018/19 £000s	Future Years £000s	Total £000s
Land and Buildings	1,166	-	1,166
Infrastructure	(91)	(593)	(684)
Vehicles, Plant & Equipment	649	-	649
Total	1,724	(593)	1,131

5.2 **Land & Buildings**

Carry forwards totalling £1,166,000 are recommended for expenditure on land and buildings.

- 5.2.1 **Schools Make Do and Mend Programme 2017/18** – A number of minor budget carry forwards totalling £42,000 are recommended to cover final property fees and Scottish Procurement Alliance Levies for the following school projects: East End Primary mechanical and electrical works £12,000, Speyside High School building fabric works £14,000, Cluny Primary mechanical and electrical works £5,000, Forres Academy mechanical and electrical works £6,000 and Hopeman Primary roof and stonework £5,000.
- 5.2.2 **Schools Make Do and Mend Programme 2018/19** - it is recommended that the budget for schools make do and mend in 2018/19 is reduced by the costs of the preliminary works carried out in 2017/18, a total of £100,000 which was incurred on a number of projects at Forres Academy, Cluny Primary, Andersons Primary, New Elgin Primary, East End Primary and Keith Grammar.
- 5.2.3 **School fire safety works** have been delayed but projects are committed, therefore it is recommended that budget balance of £147,000 is carried forward to 2018/19 to complete the programme of works.
- 5.2.4 **Milnes Primary School Early Learning and Childcare (ELC)** – This project is budgeted at £2,500,000 over a number of years. Phase 1 of this project commenced in April 2017 with demolition of the old schoolhouse. These were enabling works to allow construction of the new nursery and early years accommodation, which commenced on 7 August 2017. Construction of the new building is programmed for completion in June 2018 when the existing nursery and early years will be moved into the new accommodation. This will enable phase 3 of the project to commence, which will involve demolition of the existing nursery block and refurbishment of the dining block along with landscaping, which are scheduled to be undertaken during the summer holidays of 2018. It is recommended that the budget balance of £358,000 is carried forward in full.

- 5.2.5 **Linkwood Primary School** - Due to timing differences only, preliminary fees paid to HubNorth for the new Linkwood Primary in Elgin South were £109,000 higher than budget in 2017/18. It is recommended that the 2018/19 budget is reduced by £109,000 to maintain the overall current budget of £11.5m allocated to this project.
- 5.2.6 **Forres Academy replacement of hatted accommodation** – payment will fall due when a roof guarantee is provided by the contractor, therefore it is recommended that budget of £37,000 is carried forward to 2018/19.
- 5.2.7 **Lossiemouth High School Replacement** – It is recommended that the remaining budget in 2017/18 of £127,000 is carried forward to 2018/19 to fund design team fees for this ongoing project, currently budgeted at an overall total of £42.3m.
- 5.2.8 **Industrial Portfolio** – Industrial Portfolio projects include provision of serviced sites, new units and refurbishment of existing units. The major project within the heading of industrial portfolio is the provision of service sites and an industrial unit on the site at March Road Buckie. Works were not fully complete by the end of 2017/18 and it is recommended that the remaining budget of £92,000 is carried forward to 2018/19 to meet the costs of final payments to the contractor and final fees. It is also recommended that the remaining budget of £12,000 for refurbishment of the industrial portfolio is carried forward to 2018/19 to meet the costs of drainage works at Isla Bank Mills Keith. Finally, it is recommended that the remaining budget of £24,000 for site services at Chanonry Road in Elgin is carried forward to 2018/19 to meet the final costs of disposal of surplus materials at Chanonry.
- 5.2.9 **New landfill cells, capping and reinstatement** – Due to timing differences only, an overspend of £36,000 was recorded in 2017/18 for works at Dallachy landfill site. Therefore it is recommended that the budget for 2018/19 is reduced by £36,000 in order to maintain the overall budget allocation for Dallachy.
- 5.2.10 **Recycling Centres Facilities Upgrade** – Due to other commitments it has not been possible to utilise the full funding allocated for this project in 2017/18. Therefore it is recommended that the remaining budget of £51,000 is carried forward to 2018/19.
- 5.2.11 **Consolidation of Waste Facilities at Moycroft** – This project is for the development of an integrated waste management facility at Moycroft. The total budget for this project of £3.5m is held over 3 years, mainly in 2018/19. Due to slippage in 2017/18, it is recommended that the remaining budget of £86,000 is carried forward to 2018/19.
- 5.2.12 **NESS Energy Project** – Pilings discovered on the East Tullos site have caused delay in Aberdeen City Council formally acquiring the land. Therefore it is recommended that the remaining budget of £424,000 is carried forward to 2018/19.

5.2.13 Replacement Burial Grounds - It is recommended that the remaining budget in 2017/18 of £11,000 is carried forward to 2018/19 in order to progress this project.

5.3 Infrastructure

5.3.1 Road Safety Measures – Due to slippage in the road safety barrier programme during 2017/18 it is recommended that the budget of £50,000 is carried forward to 2018/19 in order to progress the planned schedule of works.

5.3.2 Disability Adaptations - Due to slippage resulting from other competing priorities during 2017/18 it is recommended that the remaining budget in 2017/18 of £9,000 is carried forward to 2018/19 in order to progress the planned programme of works.

5.3.3 Bridges – Craigellachie Bridge - Preliminary costs of £70,000 have been incurred during 2017/18 on the A941 Craigellachie Bridge project, with the testing phase complete. Expenditure on the main site works is currently budgeted for 2018/19 and 2019/20. However, further preliminary work is required, resulting in the main site works now being scheduled in full for 2019/20. Therefore it is recommended that the remaining budget of £15,000 in 2017/18 is carried forward to 2019/20. In addition, it is recommended that this Committee defers existing budget of £1,452,000 from 2018/19 to 2019/20 to reflect the slippage in the timing of this project. This would leave a budget of £25,000 in 2018/19 to cover ongoing preliminary costs and permits.

5.3.4 Bridges – Glenernie Bridge, Logie Bridge (Tomliath Bridge, Glenlivet Bridge) – Works at Glenernie Bridge are currently on site and it is recommended that the remaining budget in 2017/18 of £7,000 is carried forward to 2018/19. Works at Logie Bridge have been completed in 2018/19 and it is recommended that the remaining budget in 2017/18 of £9,000 is carried forward to 2018/19. If these carry forwards are approved, then it is further requested that the existing budgets in 2018/19 for the 4 bridges headlined are amended as follows:

Bridge	2018/19 Existing Budget £	2018/19 Budget Transfer £	Budget Defer to 2019/20 £	2018/19 Proposed Budget £
Glenernie	117,000	33,000	0	150,000
Logie	119,000	31,000	0	150,000
Tomliath	230,000	(94,000)	(126,000)	10,000
Glenlivet	120,000	30,000	0	150,000
Total	586,000	0	(126,000)	460,000

5.3.5 Bridges – Arthurs Bridge B9103 – Provision of a weak bridge weight restriction is required to prevent vehicles over 26 tonnes crossing. Works associated with the restriction include the provision of single lane working,

permanent traffic signals, signage and route diversion. The estimated cost for design and installation works at the bridge is £114,000. It is requested that a budget allocation of £114,000 is approved to be added to the capital plan in 2018/19 for this project.

5.3.6 **Bridges – Remote footbridges** – The contract for this project was deferred from 2017/18 to 2018/19 and it is recommended that the remaining budget in 2017/18 of £15,000 is carried forward to 2018/19.

5.3.7 **Harbours** – Due to a number of factors such as winter weather and staff availability, the timescales of the projects to replace life expired elements and upgrades at Buckie and Findochty harbours have been variable. It is recommended that the remaining budget in 2017/18 of £47,000 for Buckie Harbour is carried forward to 2018/19 in order to continue the programme of works. Expenditure of £102,000 incurred late in 2017/18 at Findochty Harbour was budgeted for early in 2018/19, therefore the existing budget in 2018/19 will be reduced by £102,000.

The repairs for the significant storm damage at Cullen Harbour seawall have resulted in expenditure in 2017/18 of £560,000. At a previous meeting of this Committee on 14 February 2018, approval was given to absorb £300,000 of expenditure within the overall underspends in the 2017/18 capital plan. As the actual cost of the works carried out at Cullen were higher than £300,000, it is recommended that the existing harbours budgets for 2018/19 is reduced by £260,000. This reduction has already been factored into the planned programme of works for harbours in 2018/19.

5.3.8 **Harbours – Economic Development** – It is recommended that the remaining budget in 2017/18 of £7,000 is carried forward to 2018/19 for ongoing works at the Fishmarket building at Buckie Harbour.

5.3.9 **Flood Risk Management** – It is recommended that the remaining budget in 2017/18 of £49,000 is carried forward to 2018/19 in order to continue the ground investigation and design works for the project at Lossiemouth Seatown.

5.3.10 **Flood Alleviation Schemes** – Potential land compensation payments remain as the principal outstanding issue for the flood alleviation schemes in Elgin and Forres (River Findhorn & Pilmuir), with approved capital budget held in future years for potential payments. Future years budget will be reduced by £478,000 for Elgin Flood Alleviation Scheme and by £130,000 for Forres (River Findhorn & Pilmuir) to reflect payments made during 2017/18. It is recommended that the remaining budget in 2017/18 of £78,000 for Newmill Flood Alleviation Scheme is carried forward to 2018/19 to allow for potential third party claims.

5.4 Vehicles, Plant & Equipment

5.4.1 **Vehicle & Plant Replacement Programme** - It is recommended that the remaining budget in 2017/18 of £482,000 is carried forward to 2018/19 to fund the late delivery of vehicles ordered prior to 31 March 2018.

5.4.2 **Equipment (ED&I committee)** – It is recommended to carry forward the remaining budget in 2017/18 of £4,000 to 2018/19 for traffic data collection equipment ordered prior to 31 March 2018. It is recommended to carry forward the remaining budget in 2017/18 of £5,000 to 2018/19 for traffic signal replacement in order to upgrade the remote monitoring equipment in two further sets of signals. Implementation of the pool car booking has been delayed from 2017/18 but the order for the new system is now expected to be placed very soon. Therefore it is recommended to carry forward the budget of £20,000 from 2017/18 to 2018/19. This project is estimated to increase the use of pool cars and so generate savings for the council.

5.4.3 **ICT Core Programme** – Carry forwards to 2018/19 of £30,000 for Servers Infrastructure, £26,000 for Network Infrastructure and £20,000 for Mobile Devices are recommended to meet commitments made in 2017/18. The software project relates to two main project areas, essential upgrades and HR/Payroll system upgrade, which out-turned respectively £7,000 over budget and £18,000 under budget. It is recommended to carry forward these balances, which net to a total of £11,000, from 2017/18 to 2018/19 for these ongoing projects. It is recommended to carry forward budget of £36,000 from 2017/18 to 2018/19 for Digital Public Services, specifically £14,000 for online schools catering payments, £13,000 for booking housing repairs online, £5,000 for leisure booking solution and £4,000 for data handling for online services. It is recommended to carry forward budget of £10,000 from 2017/18 to 2018/19 for Schools ICT Strategy in order to continue the programme of works to provide improved WiFi.

5.4.4 **Corporate Committee Management Information System** – It is recommended to carry forward budget of £5,000 from 2017/18 to 2018/19 for implementation of the new system.

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 The main risk for the vehicle replacement programme is manufacturers failing to deliver to agreed timescales.

6.3 Land compensation claims remain a risk for the major flood alleviation schemes at Forres and Elgin.

6.4 Projects, such the new build Linkwood Primary school, can be subject to risks which are outwith the direct control of the Council.

- 6.5 Other emerging work priorities impact on scheduled works, as identified for the Legionella and Fire Risk Programme.
- 6.6 Poor weather conditions can impact project timescales, as identified for the Harbours projects.
- 6.7 Lack of staff resources and staff turnover can impact on project timescales.
- 6.8 No other project risks have been specifically identified by budget managers.

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 2017/18 and the outline ten year plan incorporates measures designed to address the Moray 2026 priorities of achievement and attainment by children and young people, adults leading safer lives and sustainable economic development.

(b) **Policy and Legal**

There are no policy or legal implications arising directly from this report.

(c) **Financial Implications**

The financial implications are highlighted within the report and Appendices 1 and 2 to the report.

(d) **Risk Implications**

Budget managers are aware of their responsibilities for managing budget allocations and approval for variance will be sought from committee in line with the financial regulations. Risks specific to items within the capital plan are highlighted in paragraph 6 of the report.

(e) **Staffing Implications**

There are no staffing implications arising directly from this report.

(f) **Property Implications**

There are no property implications arising directly from this report.

(g) **Equalities**

There are no equalities issues arising from this report.

(h) Consultations

All capital budget managers have been consulted in the development of carry forwards as part of the preparation of this report. All Heads of Service and CMT have been consulted and any comments incorporated in the report.

8. CONCLUSION

8.1 The Capital Plan showed an overall underspend of £1,836,000 for 2017/18.

8.2 Budget carry forwards into 2018/19 and future years of £1,131,000 are recommended to be approved by Council.

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