

The City of Edinburgh Council

9.45am, Thursday 22 February 2024

Sustainable Capital Budget Strategy 2024-2034 – referral from the Finance and Resources Committee

Executive/routine
Wards

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report on the Sustainable Capital Budget Strategy 2024-2034 to the City of Edinburgh Council on 22 February 2024 as part of setting the revenue and capital budgets.

Dr Deborah Smart
Executive Director of Corporate Services

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Referral Report

Sustainable Capital Budget Strategy 2024-2034 – referral from the Finance and Resources Committee

2. Terms of Referral

- 2.1 On 9 February 2024, the Finance and Resources Committee considered a report on the Sustainable Capital Budget Strategy 2024-2034, which set out priorities for £1.45bn of Council capital investment, in alignment with the Council Business Plan, over the medium to long-term.
- 2.2 The Finance and Resources Committee agreed:
- 1) To note the priorities for capital expenditure outlined in this report which are aligned to the Council Business Plan.
 - 2) To note the implications of the provisional Local Government Finance Settlement.
 - 3) To note that delivery of funded capital expenditure priorities is dependent on the achievement of a balanced medium-term revenue budget.
 - 4) To note that there is no capacity to fund additional projects that are not in the current programme.
 - 5) To note that investment in unfunded pressures and priorities set out in this report will require additional external funding and/or reprioritisation of existing budgets and must be supported by robust business cases.
 - 6) To delegate authority to the Chief Executive, in consultation with the Convenor of the Committee, to award contracts for the construction of learning estate projects where it can be demonstrated the contract value is within approved budget limits.
 - 7) To note the climate assessment of capital spending proposals.
 - 8) To refer the report by the Executive Director of Corporate Services to the Council Budget meeting on 22 February 2024.

3. Background Reading/ External References

- 3.1 Finance and Resources Committee – 6 February 2024 - Webcast
- 3.2 Minute of the Finance and Resources Committee – 6 February 2024

4. Appendices

Appendix 1 – Report by the Executive Director of Corporate Services

Finance and Resources Committee

10.00am, Tuesday, 6th February 2024

Sustainable Capital Budget Strategy 2024-2034

Executive/routine
Wards

Executive
All

1. Recommendations

- 1.1 To note the priorities for capital expenditure outlined in this report which are aligned to the Council Business Plan;
- 1.2 To note the implications of the provisional Local Government Finance Settlement;
- 1.3 To note that delivery of funded capital expenditure priorities is dependent on the achievement of a balanced medium-term revenue budget;
- 1.4 To note that there is no capacity to fund additional projects that are not in the current programme;
- 1.5 To note that investment in unfunded pressures and priorities set out in this report will require additional external funding and/or reprioritisation of existing budgets and must be supported by robust business cases:
- 1.6 To delegate authority to the Chief Executive, in consultation with the Convenor of the Committee, to award contracts for the construction of learning estate projects where it can be demonstrated the contract value is within approved budget limits;
- 1.7 To note the climate assessment of capital spending proposals;
- 1.8 To refer this report to the Council Budget meeting on 22 February 2024

Dr Deborah Smart

Executive Director of Corporate Services

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Sustainable Capital Budget Strategy Update 2024-2034

2. Executive Summary

- 2.1 The Sustainable Capital Budget Strategy sets out priorities for £1.45bn of Council capital investment, in alignment with the Council Business Plan, over the medium to long-term.
- 2.2 The Capital Budget Strategy continues to experience significant financial pressure due to current market conditions, reductions in assumed capital grant in future years, and revenue pressures limiting the capacity to borrow.
- 2.3 Additional projects can only be progressed following the development of fully funded business plans or by reallocating funding from projects within the existing programme.
- 2.4 Further work will continue during 2024 to refresh the Capital Budget Strategy to ensure it continues to align with Council priorities.

3. Background

- 3.1 On 21 November 2023 the Finance and Resources Committee considered a report on the [Sustainable Capital Budget Strategy 2024-34](#). The report set out proposals for capital expenditure for the next ten years, which were aligned with the priorities set out in the Council's business plan. These priorities included expansion and upgrading of the Council's Learning Estate, improvements to the condition and suitability of property assets (including £60m aligned to the retrofit programme which addresses carbon emissions), investments in transport and active travel infrastructure, development of cultural facilities and support to Edinburgh Living LLPs to provide affordable housing.
- 3.2 It also highlighted unfunded pressures and priorities faced by the Council in the medium to long term.
- 3.3 This report sets out changes from the position previously reported, including the outcome of the provisional budget settlement announced by Scottish Government in December 2023. It also provides further details on unfunded pressures and priorities.
- 3.4 Members should consider this report in parallel with the [Revenue Budget Framework and Medium-Term Financial Plan \(MTFP\) 2024/29 – progress](#)

[update](#) report presented to the Finance and Resources Committee on 25 January 2024, as the revenue impact of additional capital expenditure needs to be contained within a balanced medium-term revenue budget.

- 3.5 The report only covers the general fund capital investment programme. The capital expenditure requirements for the Housing Revenue Account are included in a report on the Housing Revenue Account Business Plan 2024-25 also on this agenda.

4. Main report

- 4.1 The Sustainable Capital Budget Strategy sets out £1.45bn of proposed Council capital investment. A summary of capital investment priorities and available funding is included at Appendix 1. Changes since the report to November Committee described below and detailed in Appendix 2.

Latest Capital Monitoring Position

- 4.2 Projected slippage in the 2023-24 programme was included in the [Capital Monitoring 2023-24 – Month Seven](#) Position reported to Finance and Resources Committee on 25 January 2024 and has been built into the revised programme in Appendix 1. This slippage will be further amended to reflect the final outturn for the financial year and thereafter reported to Finance and Resources Committee in summer 2024.

Reinforced Autoclaved Aerated Concrete (RAAC)

- 4.3 The short, medium and longer term financial implications of RAAC across the Council's operational estate were set out in the [Reinforced Autoclaved Aerated Concrete Update](#) report to this committee on 25 January 2024. It is proposed that the Capital Strategy makes provision for the short and medium term cost of £14.9m whilst acknowledging that future funding may be required depending on the outcome of the option appraisals proposed in that report.

Prudential Borrowing

- 4.4 The capital budget has been adjusted to reflect a number of significant additional projects, funded from additional prudential borrowing.
- 4.5 These are the [Millerhill Energy from Waste Plant Heat Offtake Unit](#) project following approval by Council on 2 November 2023, the [Fleet Asset Management Plan 2023-2029](#) approved at the Finance and Resources Committee on 21 November 2023, and the replacement of the Social Care Operating System, currently known as SWIFT. The loans charges associated with these investments have been included in the medium-term financial plan.

Capital Funding Assumptions

- 4.6 The funding assumptions for Sustainable Capital Budget Strategy 2024-2034 have been thoroughly reviewed to provide an up-to-date estimate of funding

available. Analysis of funding is provided in Appendix 1, with the assumptions detailed in Appendix 6.

- 4.7 The provisional 2024-25 Local Government Finance Settlement was provided on 19th December 2023. The Council's allocation of General Capital Grant for 2024/25 is £34.5m, which is £3.6m (10%) lower than for 2023/24. While a reduction of £1.9m had been anticipated based on the distributional impacts of previous overestimates of the city's population, the actual level of reduction also reflects the reduction in Scotland-wide capital funding.
- 4.8 Rather than reducing the scale of the ten-year programme, it is proposed to manage this in-year reduction of £1.7m (and potential £17m across the ten-year programme) by means of applying a corresponding element of the existing contingency provision of £45m, although this by extension reduces the Council's ability to address further pressures in the existing programme, should they arise. The Cycling, Walking and Safer Routes (CWSR) funding that forms part of the capital settlement was also marginally reduced.
- 4.9 It should also be noted that £10m of revenue-based Green Growth Accelerator funding for the Retrofit programme is no longer available, due to the closure of this scheme. However, as this funding had not been assumed in the medium-term financial plan pending approval final business case, there is no change to the overall budget for retrofit reported at paragraph 3.1.

Unfunded Capital Priorities and Pressures

- 4.10 There is no capacity to fund additional projects that are not included in the current capital programme. To take additional projects forward, either the existing programme would need to be reprioritised, external funding would need to be obtained or self-funding business cases would need to be developed. Members should note that there is currently £100k earmarked for investment in feasibility studies to allow projects to be taken to business case stage.
- 4.11 Unfunded priorities are described below and detailed in Appendix 3 and quantified where possible.
- 4.12 While a need for capital investment has been highlighted for investment in areas including Community Centres, Health and Social Care, Special Schools, Children's homes and Digital Transformation, further work is required to determine the extent of investment required. Requirements will be determined by Service reviews with feasibility studies, business cases and costing exercises to be commissioned in 2024-25.
- 4.13 As reported in the [Sustainable Capital Budget Strategy 2024-34](#) update at the Finance and Resources Committee on 21st November 2023, the Learning Estate requires expansion aligned to the growth of the city outlined in the Local Development Plan 2016 and City Plan 2030 and is expected to cost £157m after considering developer and other contributions. A breakdown can be found in Appendix 3. Designs are being progressed for immediate requirements on the basis that projections of developer's contributions for those schools, and others from which capital grant can be diverted, indicate that the construction

will be affordable. For example, the extension at Frogston Primary School can be fully funded by developer's contributions. Business cases are being developed for individual projects and will be presented to the Finance and Resources Committee for consideration at a future date.

- 4.14 In order to respond to the Climate and Nature Emergencies and achieve net zero 2030, significant investment will be required. Appendix 5 sets out the funding required for key projects designed to address these priorities. While the majority of this work is unfunded, members should note that Housing, Homelessness and Fair Work Committee allocated an underspend from the Shared Prosperity Fund of £560,000 towards these projects.
- 4.15 The cost of retrofitting the whole of the Council estate is still to be fully costed. However, the current programme assumes expenditure of £60m over the next three financial years. The initial scope covered 12 Council Buildings, 3 of which are being progressed. There are over 400 buildings to be assessed, with a wide range of requirements expected. Appendix 5 includes a revenue cost estimate to determine the scope of the capital works.
- 4.16 The first biennial review of the City Mobility Plan (CMP) was presented to the Transport and Environment Committee on 1st February 2024 and highlights that the Implementation Plan requires significant resource and investment and relies heavily on future external funding.

Risks and Mitigations

- 4.17 The effects of inflation are still having a significant impact on the capital programme. With funding pressures, recurring allocations for ongoing programmes, such as carriageway and footway works, have not been increased for inflation. This is likely to have a significant impact on service delivery particularly in later years. Furthermore, with a reduction in capital grant, contingency budget has also reduced from £45m to 28m.
- 4.18 At the Special Finance and Resources Committee on 7th February 2023, authority was delegated to the Chief Executive in consultation with the Convener to award contracts for the construction of Learning Estate projects where it can be demonstrated the contract value is within approved budget limits. It is recommended this provision is once again provided to allow contracts to be executed as quickly as possible when required as this can be advantageous in the continuing volatile construction sector.

5. Next Steps

- 5.1 This report will be considered by Council at its budget meeting of 22 February 2024.
- 5.2 This report will be referred to Governance, Risk and Best Value Committee to consider as part of its programme of work.

- 5.3 Finance will continue work with project and programme managers to monitor capital budgets.

6. Financial impact

- 6.1 This report sets out capital expenditure and funding of £1.45bn based on the assumptions set out above. These assumptions will be kept under review, and capital expenditure plans remain contingent on the strategy continuing to be affordable.
- 6.2 The provisional 2024-25 Local Government Finance Settlement was provided on 19th December 2023. The Council's allocation of General Capital Grant for 2024/25 is £34.5m, which is £3.6m (10%) lower than for 2023/24. While a reduction of £1.9m had been anticipated based on the distributional impacts of previous overestimates of the city's population, the actual level of reduction also reflects the reduction in Scotland-wide capital funding.
- 6.3 It is proposed to manage this in-year reduction of £1.7m (and potential £17m across the ten-year programme) by means of applying a corresponding element of the existing contingency provision of £45m.
- 6.4 A significant proportion of the programme continues to be funded from loans fund advances, with the associated borrowing costs met from the Council's loans charges revenue budget. The funding available for loans charges in the medium-term financial plan has been reviewed and the budget is still sufficient to support the level and profile of expenditure set out in this report, including the £15m required for RAAC works. The revenue budget framework provides funding to meet the anticipated loans charges associated with general loans fund advances of £463m. However, there is little headroom to absorb further inflationary pressures, grant reductions or increases in interest rates. Furthermore, it should be noted that the Council's ability to meet the costs of loans charges is dependent on the achievement of a balanced revenue budget. Any shortfall in revenue budget savings could result in a reduction in capital.
- 6.5 New projects will be required to have a detailed business case, setting out both capital and revenue costs and demonstrating how they will be funded prior to project commencement as part of the wider Gateway process.

7. Equality and Poverty Impact

- 7.1 The equality and poverty impact of individual projects within the Council's capital programme is considered as part of the business cases for those projects.

8. Climate and Nature Emergency Implications

- 8.1 Public sector climate change duties were strengthened in 2022 with a new requirement to ensure alignment of spending plans and use of resources with sustainability ambitions.
- 8.2 In 2022-23, the Council adopted the methodology developed by the Institute for Climate Economics (I4CE) to better understand how spending plans are aligned with the Council's net zero ambition. The assessment of capital projects based on the I4CE methodology can be found in Appendix 4.
- 8.3 Key findings show that, for the expected expenditure for 2024-34
- 54% of the total investment (£809 m) is in line with the Council's climate ambition (labelled as either "favourable under conditions", or "very favourable")
 - 37 % is considered as neutral
 - 6 % is unfavourable
 - 3 % is classified as "undefined" as the expenditure did not match with any item in the taxonomy
- 8.4 Most of the "favourable" spend corresponds to the maintenance and expansion of active travel routes, the construction of schools to high energy Passivhaus standard, and the energy efficient retrofit of buildings. More than one third of the total budget is allocated to the construction of new buildings. Some new build schools have been assessed as "unfavourable" despite plans to build them to high energy efficient standards, because they will lead to land-use change. "Soil artificialisation" or "soil sealing" generates emissions and make the city more vulnerable to climate change. £36m of capital expenditure in the fleet replacement programme is for non-electric vehicles, which is also unfavourable.

9. Risk, policy, compliance, governance and community impact

- 9.1 The budget is monitored by officers on an ongoing basis with due consideration given to existing and emerging risks, and recommendations to address them given to members where and when required.
- 9.2 The Capital Budget Strategy is approved and monitored against the underlying Prudential Code, which ensures the Council carries out its duties under Part 7 of the Local Government in Scotland Act 2003.
- 9.3 The stakeholder and community impact of individual projects within the Council's capital programme is considered as part of the business cases for those projects.

10. Background reading/external references

- 10.1 [Sustainable Capital Budget Strategy 2023-33](#). Finance and Resources Committee, 7 February 2023

- 10.2 [Sustainable Capital Budget Strategy Update 2024-2034](#). Finance and Resources Committee, 21 November 2023
- 10.3 [Millerhill Energy from Waste Plant Heat Offtake Unit](#). The City of Edinburgh Council, 2 November 2023
- 10.4 [Fleet Asset Management Plan 2023-2029](#). Finance and Resources Committee, 21 November 2023
- 10.5 Contract Award - Social Care Operating System. Finance and Resources Committee, 25 January 2024
- 10.6 [Reinforced Autoclaved Aerated Concrete Update](#). Finance and Resources Committee, 25 January 2024
- 10.7 City Mobility Plan – 1st Review. Transport and Environment Committee, 1 February 2024
- 10.8 [Capital Monitoring 2023-24 - Month Seven Position](#). Finance and Resources Committee, 25 January 2024
- 10.9 [Revenue Budget Framework and Medium-Term Financial Plan \(MTFP\) 2024/29 – progress update](#). Finance and Resources Committee, 25 January 2024

11. Appendices

- 11.1 Appendix 1 - Capital Budget Summary
- 11.2 Appendix 2 - Changes from 21 November 2023 Finance and Resources Committee
- 11.3 Appendix 3 - Unfunded Priorities
- 11.4 Appendix 4 - Climate assessment of the Capital Budget
- 11.5 Appendix 5 - Sustainability Budget Requirements to help meet Net Zero Targets
- 11.6 Appendix 6 - Capital Budget Funding Assumptions

A Sustainable Capital Budget Strategy 2024-2034

Capital Budget Summary

Expenditure	Total	Revised	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative
		Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Project Area		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Pre-Primary (Early Years)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Primary Schools	62.328	25.695	30.544	4.012	2.077	0.000	0.000	0.000	0.000	0.000	0.000
Secondary Schools	288.763	109.910	65.193	35.488	37.991	26.498	12.944	0.740	0.000	0.000	0.000
Rising School Rolls	6.290	0.090	6.200	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Childrens Services	0.386	0.386	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Libraries	-0.519	-0.519	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Sports Facilities	2.639	1.154	0.165	0.165	0.165	0.165	0.165	0.165	0.165	0.165	0.165
Other Community Projects	1.125	1.125	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Depots	6.473	6.473	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Parks, Greenspace and Cemeteries and Other Environment	8.636	4.130	2.606	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.200
Fleet Replacement	45.536	41.374	3.797	0.060	0.155	0.150	0.000	0.000	0.000	0.000	0.000
Waste Services	7.900	7.900	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Roads and Transport Infrastructure (including North Bridge)	174.699	30.413	24.991	19.162	18.570	13.849	13.234	12.764	14.264	13.726	13.726
Energy Efficiency Street Lighting Project and Traffic Signals Prudential	13.165	1.220	1.220	1.220	1.220	1.220	1.265	1.450	1.450	1.450	1.450
Public Transport, Road Safety and Active Travel	60.921	14.283	5.182	5.182	5.182	5.182	5.182	5.182	5.182	5.182	5.182
Tram Life Cycle Replacement	3.455	3.455	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
IMPACT	5.000	5.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
King's Theatre	12.000	12.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Culture	0.360	0.360	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Asset Management Works	146.591	11.239	16.001	16.001	16.001	16.001	14.000	14.000	15.350	14.000	14.000
RAAC	14.926	6.000	5.926	3.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Retrofit	60.250	24.544	25.635	10.071	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Edinburgh Living	176.139	73.264	92.071	10.804	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Housing and Regeneration	327.255	47.482	48.173	28.950	28.950	28.950	28.950	28.950	28.950	28.950	28.950
Health & Social Care	8.114	4.924	3.049	0.142	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Tram to Newhaven	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
ICT & Other Corporate Services	0.622	0.622	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Contingency ¹	27.980	-1.722	2.328	3.278	3.278	3.278	3.278	3.278	3.278	3.873	3.831
Slippage Adjustment ²	-10.128	-43.080	-11.768	24.416	12.159	3.027	2.542	2.063	0.413	0.029	0.071
Total Expenditure	1,450.907	387.723	321.312	162.200	125.998	98.570	81.811	68.842	69.303	67.575	67.575

Funding	Total	Revised	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative
		Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Funding Stream		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Asset Sales (Unringfenced)	41.000	9.000	8.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000
Asset Sales (Ringfenced)	6.847	1.453	0.134	0.002	0.005	0.005	0.000	0.000	1.393	3.468	0.387
Use of Fleet Receipts to repay borrowing	-5.247	0.000	0.000	0.000	0.000	0.000	0.000	0.000	-1.393	-3.468	-0.387
Capital Fund Drawdown	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Developers Contributions ³	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Capital from Current Revenue	14.926	6.000	5.926	3.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
General Capital Grant	346.653	35.692	36.353	34.326	34.326	34.326	34.326	34.326	34.326	34.326	34.326
Specific Grants	340.187	48.723	49.472	30.249	30.249	30.249	30.249	30.249	30.249	30.249	30.249
Loans Fund Advances - Prudential	26.520	23.330	3.049	0.142	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Loans Fund Advances - On-Lending ⁴	173.375	70.500	92.071	10.804	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Loans Fund Advances - Fleet Programme	43.825	39.810	3.663	0.058	0.150	0.145	0.000	0.000	0.000	0.000	0.000
Loans Fund Advances - General	462.821	153.215	122.645	80.619	58.268	30.845	14.236	1.267	1.728	0.000	0.000
Total	1,450.907	387.723	321.312	162.200	125.998	98.570	81.811	68.842	69.303	67.575	67.575
Funding Deficit / (Surplus)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Loans fund advances	533.167	216.355	129.357	80.819	58.417	30.989	14.236	1.267	1.728	0.000	0.000

¹ Contingency provision relates to projects in current programme and is not available for additional investment

² Slippage provision relates to phasing of expenditure and takes account of projects slipping from 2022-2023. It is not available for additional investment

³ Expenditure budgets funded by Developers Contributions are added once received

⁴ Scottish Government Consent to Borrow expires March 2024, extension has been requested and assumed it will be granted at time of writing

A Sustainable Capital Budget Strategy 2024-2034
Changes from 21 November 2023 Finance and Resources Committee

Summary of Changes

Expenditure Budget	£m
21 November 2023 F&R Committee	1,419.5
7 February 2023 Special Budget Meeting	1,450.9
Movement	31.4

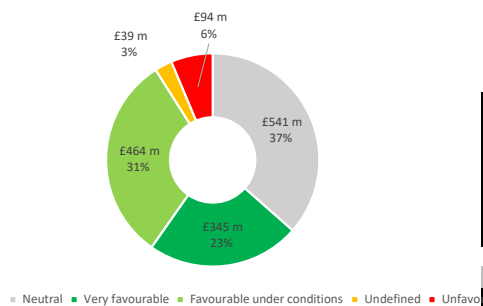
Description	£m
Approved Fleet Programme 24-29 ¹	45.4
Reinforced Autoclaved Aerated Concrete (RAAC)	14.9
Millerhill Energy from Waste Plant Heat Offtake Unit	7.9
Social Care Operating System Replacement	7.8
Reduction in General Capital Grant (reduction in Contingency)	-17.2
Derecognition of ICT Asset Purchase ²	-10.0
Removal of Free School Meals Assumed Grant ³	-4.9
Assumed Slippage from 23-24	-12.5
Total	31.4
Check	0.0

¹ *Approved programme totalled £56.7m, but £11.3m assumed in 23-24*

² *ICT Asset Purchase derecognised as costs currently contained in revenue budget*

³ *Funding to be provided but is as yet undistributed*

A Sustainable Capital Budget Strategy 2024-2034
Net Zero Assessment



RAG Status	Assessed Budget	%
Neutral	£ 541 m	37%
Very favourable	£ 345 m	23%
Favourable under conditions	£ 464 m	31%
Undefined	£ 39 m	3%
Unfavourable	£ 94 m	6%
Total	£ 1,483 m	100%

<i>Unassessed historical spend</i>	-£ 32 m	<i>accel'n/slippage</i>
Capital Budget	£ 1,451 m	<i>per appendix 1</i>

Sector	Stock	Very Favourable	Favourable Under Conditions	Neutral	Unfavourable	Undefined
Building	Construction	£ 61 m	£ 396 m	£ 0 m	£ 58 m	£ -
Building	Renovation	£ 64 m	£ 54 m	£ 478 m	£ -	£ -
Green spaces	Others	£ -	£ -	£ 9 m	£ -	£ -
NTIC	Maintenance	£ -	£ -	£ 1 m	£ -	£ -
Roads	Construction	£ -	£ 6 m	£ -	£ -	£ -
Roads	Infrastructure and operation	£ 14 m	£ -	£ -	£ -	£ -
Roads	Intermodality management	£ 10 m	£ -	£ -	£ -	£ -
Roads	Maintenance	£ 178 m	£ -	£ 51 m	£ -	£ -
Strategy development	Strategy development	£ 7 m	£ -	£ -	£ -	£ -
Transportation	Vehicle fleet - Purchase ¹	£ 10 m	£ -	£ -	£ 36 m	£ -
Waste	Waste treatment method	£ -	£ 8 m	£ -	£ -	£ -
Economic action	Support	£ -	£ -	£ 1 m	£ -	£ -
Undefined	Undefined	£ -	£ -	£ -	£ -	£ 39 m
Grand Total		£ 345 m	£ 464 m	£ 541 m	£ 94 m	£ 39 m

¹ As Noted at 8.4, £10m of Fleet purchases are planned to be electric vehicles which is very favourable, the remaining £36m is for diesel vehicles and therefore unfavourable

A Sustainable Capital Budget Strategy 2024-2034

Sustainability Budget Requirements to help meet Net Zero Targets

Sector	Proposal	Capital	Revenue	Total
Adaptation	Adaptation - Revenue projects (including risk assessments, heatwave map, adaptation mapping)	£ -	£ 0.193 m	£ 0.193 m
Flood prevention	Capital allocation for flood prevention intervention work	£ 0.750 m	£ -	£ 0.750 m
Energy & Buildings	Energy & Buildings (including heat networks and energy project development, and retrofitting of buildings for connection to heat network)	£ -	£ 0.175 m	£ 0.175 m
Energy & Buildings	Develop retrofit plans for a selection of buildings		£ 1.000 m	£ 1.000 m
Energy & Buildings	Retrofit scale up	tbc	tbc	tbc
Energy & Buildings	Delivery of Heat Networks	tbc	tbc	tbc
Community engagement	Community engagement (including Participatory Budgeting and behaviour change initiatives)	£ -	£ 0.410 m	£ 0.410 m
Food	Sustainable Food work	£ -	£ 0.130 m	£ 0.130 m
Nature & Greenspaces	Nature and greenspaces - (including Edinburgh Nature Network projects, habitat data mapping, maintenance of SuDs interventions, Pentlands development, Living Landscapes, investment in electrical utilities in parks etc)	£ 0.430 m	£ 0.720 m	£ 1.150 m
Nature & Greenspaces	Phase 1 Granton Waterfront Project - enhanced SuDS infrastructure	£ 2.000 m	£ -	£ 2.000 m
Nature & Greenspaces	Edinburgh Million Tree City	£ -	£ 0.500 m	£ 0.500 m
Nature & Greenspaces	Working Together for Nature project	£ 1.500 m	£ -	£ 1.500 m
Nature & Greenspaces	Nature Emergency Response / Edinburgh Nature Network Projects	£ -	£ 2.500 m	£ 2.500 m
Nature & Greenspaces	Granton Coastal Park	£ 20.000 m	£ -	£ 20.000 m
Nature & Greenspaces	Delivery of Green Blue Network	tbc	tbc	£ -
CERP priorities	CERP priorities (including procurement, carbon management, and small machinery upgrade)	£ 0.112 m	£ 0.050 m	£ 0.162 m
Transport	Heavy fleet transition	tbc	tbc	tbc
Transport	EV chargers for CEC fleet	tbc	tbc	tbc
Transport	Transport - Sustainable transport provision including in Council buildings and services	£ 1.560 m	£ -	£ 1.560 m
Staffing ²				£ -
Waste	Recruitment of a food waste officer (Grade 6)	£ -	£ 0.045 m	£ 0.045 m
Engagement	Edinburgh Communities Climate Forum coordinator	£ -	£ 0.025 m	£ 0.025 m
Nature Emergency	Nature emergency resource gap - 8 Grade 7 + 1 Grade 6 officers	£ -	£ 0.547 m	£ 0.547 m
Grand Total ¹		£ 26.352 m	£ 6.295 m	£ 32.647 m

¹ Total excludes those proposals where cost is to be confirmed (tbc). More detailed analysis and feasibility studies are required.

² Staffing costs are annual

A Sustainable Capital Budget Strategy 2024-2034
Capital Budget Funding Assumptions

Element	£m	Key Assumptions	Date of Latest Update	Date for Next Review
General Capital Grant	346.653	Grant based on draft financial settlement from Scottish Government for 24/25. It is assumed the grant will remain static for the 10 year period. This assumption will be kept under review in line with wider political and economic considerations.	Dec-23	Oct-24
Specific Capital Grants	340.187	Grant based on indicative sums in the Scottish Government Local Government Finance Circular for the next three years. This relates to Transfer of the Management of Development Funding (TMDF) for social housing and funding for Cycling Walking and Safer Routes (CWSR) and it is assumed that this level of funding will also be available in future years All other capital grant income will only be included in the budget when timing and amount is confirmed.	Dec-23	Oct-24
Asset Sales	41.000	Sales of £9m are assumed in 24/25 and £8m in 25/26 based on assessment by the Head of Estates, and £3m per year from then on. Additional capital receipts in 24/25 and 25/26 totalling £10m relate to sales of Land at Brunstane.	Dec-23	Oct-24
Ringfenced Asset Sales	6.847	Receipts of £6.8m are assumed in the capital programme relating to sale of fleet vehicles. £1.6m of this relates to sales of current fleet, with the remaining £5.2m in later years from the sale of vehicles procured as part of the new Fleet Replacement Programme. These receipts will repay the outstanding principal borrowed for vehicle purchases on an interest only basis.	Dec-23	Oct-24
Capital Fund	0.000	The capital fund contains the proceeds of previous years' asset sales. Following an anticipated drawdown in 23/24, nothing further is earmarked for the capital programme.	Dec-23	Oct-24
Developers Contributions	0.000	Expenditure budgets have not been increased for anticipated Developers Contributions and therefore reflect the net cost to the capital programme.	Dec-23	Oct-24
Loans Fund Advances - General	462.821	Associated borrowing costs are met from the Council's loans charges revenue budget. Borrowing assumptions and cash flow are reviewed against revenue budget framework to ensure affordability. It should be noted that the Council's ability to meet the costs of loans charges is dependent on the achievement of a balanced revenue budget. Any shortfall in revenue budget savings could result in a reduction in capital investment.	Dec-23	Oct-24
Loans Fund Advances – Outcome-based funding	(included in general figure above)	Learning Estate Investment Programme (LEIP) – Assumptions for Currie (£22.4m), Liberton (£20.4m) and Westerhailes (£14.6m) are based on the most recently received funding letters. Funding for the Enerphit project, which was previously assumed has been removed, following a recent decision by Scottish Government to withdraw the Green Growth Accelerator Programme.	Dec-23	Oct-24
Loans Fund Advances – Prudential	26.520	This is based on approved business cases for Fleet Replacement, Depots Review and Kings Theatre. Other approved budgets will be included as expenditure plans and profiles are confirmed.	Dec-23	Oct-24
Slippage	-10.128	Based on previous outturn positions, it is assumed that the February budget position will slip by at least 10%. This is therefore built into the budget assumptions, moving 10% of budgeted capital expenditure into the following years. This allows us to gain a truer picture of the underlying need to borrow to finance the capital programme. It is assumed that roughly half the expenditure will fall into the year immediately following the original planned budget and the remainder into the year after.	Dec-23	Oct-24