

Report

Report to:	Executive Committee
Date of Meeting:	21 June 2023
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Budget 2023/2024 and Monitoring for Period 2 - 1 April 2023 to 19 May 2023
----------	---

1. Purpose of Report

1.1. The purpose of the report is to:

- ◆ consolidate the capital budget monitoring to give a Council-wide summary of the 2023/2024 Capital Programme including 2022/2023 carry forward. It includes information on two programmes: the General Fund Programme (being Education, Social Work, Roads and Other General Services) and the Housing Investment Programme, which covers all investment in relation to the Council's Housing stock.
- ◆ update members of the Committee of progress on the Capital Programme for the period 1 April 2023 to 19 May 2023.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):

- (1) that the position of the General Fund Capital Programme detailed in Appendices 3 to 4 and the Housing Capital Programme at Appendix 5 be approved;
- (2) that the adjustments to the General Fund programme, listed at Appendix 2, be approved; and
- (3) that the revised programmes be monitored by the Financial Resources Scrutiny Forum.

3. Background

- 3.1. South Lanarkshire Council (22 February 2023) approved a General Services base budget of £91.061 million for financial year 2023/2024. Since the approval of this programme, the financial year-end and additional funding received will mean an adjustment to the 2023/2024 Capital Programme set.
- 3.2. A total Housing Capital Programme budget for 2023/2024 was also approved by Council in February 2023. This included funding carried forward from previous years and gave a total programme of £63.916 million.
- 3.3. The attached statements to this report provide an update on the Capital programmes as well as a summarised monitoring position as at 19 May 2023 (Period 2). Spending has been split into two separate sections below:

- ◆ General Fund Capital Programme (which includes Education, Social Work, Roads and Other General Services) (Section 4) and
- ◆ Housing Capital Programme (Section 5)

4. 2023/2024 Capital Programmes

- 4.1. **General Services – 2023/2024 Budget:** Section 3.1 notes that the base programme for the General Fund is £91.061 million, as approved by Council in February 2023. This base budget is affected by the adjustments detailed in sections 4.2 to 4.8 and summarised in Table 1.
- 4.2. **Approvals Post February 2023:** The Executive Committee, at its meeting on the 29 March 2023, approved £0.180 million of additional funding towards the Chatelherault allotments project in financial year 2023/2024.

Addition to Budget: £0.180 million

- 4.3. **2022/23 Carry Forward:** As reported in the Final Outturn Report for 2022/2023, a separate report to this meeting, a carry forward total of £12.660 million will ensure sufficient budget is available to conclude ongoing projects within the General Fund Capital Programme.

Addition to Budget: £12.660 million

- 4.4. **Additional Funding (2023/2024):** At the end of 2022/2023, additional funding was received and used to fund expenditure incurred in that year. The net total of this income is an increase to the programme of £0.723 million and this needs to be added to the overall expenditure budget being carried into 2023/2024.

Addition to Budget: £0.723 million

- 4.5. **Leisure and Culture Transformation Fund:** As part of the 2023/2024 Revenue Budget, members approved an allocation of £1.182 million to pay for the cost of borrowing £13 million of capital investment for a Leisure and Culture Transformation Fund. The fund will help modernise the leisure and culture estate, optimise use of assets and assist in the transition towards net zero. Following the completion of the review of the Leisure and Cultural portfolio, when the profile of spend is known, this funding will be added to the 2023/2024 Capital Programme. While it has not been included in the Programme to date, the flexibility exists to bring in funding for specific projects as the review progresses where need is identified, particularly where this benefits our communities.
- 4.6. **2023/2024 Movements:** As part of the carry forward exercise, Resources were asked to consider the level of spend which could realistically be achieved in financial year 2023/2024. Resources have confirmed that projects totalling £26.775 million are not required in financial year 2023/2024. A full breakdown of these projects is included in Appendix 1.
- 4.7. Due to the complex nature and scale of the proposed project, Larkhall Leisure Centre accounts for £9.219 million of the total movement of £26.775 million. An allocation of £0.250 million remains in the 2023/2024 programme for this project. Should a spend profile for this project be established in the coming months, the funding slipped into future years can be added back into the 2023/2024 programme as required.

- 4.8. The total movements also include £0.937 million of project savings, where projects have been successfully completed for less than originally budgeted. Some of these projects are funded by developer contributions, which will no longer be required.

Reduction to Budget: £26.775 million

- 4.9. **2023/2024 General Services Base Budget Position:** Taking into account the movements noted in sections 4.2 to 4.8, the General Services Programme for 2023/2024 is now £77.849 million. This is the base budget for the financial year. This is summarised in Table 1 and is shown in detail, in Appendices 3 and 4 to this report.

Table 1 – 2023/2024 General Services Base Budget

	2023/24 £m
Approved Programme – 22 February 2023 (Section 3.1)	91.061
2022/2023 Approvals Post February 2023 (Section 4.2)	0.180
2022/2023 Carry Forward (Section 4.3)	12.660
2022/2023 Additional Funding Received (Section 4.4)	0.723
Leisure and Culture Transformation Fund (Section 4.5)	-
2023/2024 Movements (Section 4.6 – 4.8)	(26.775)
2023/2024 General Services Base Budget	77.849

- 4.10. **General Fund – Period 2 Position:** Since the budget was approved in February 2023, additional funding of £4.141 million has been awarded to the Council by the Scottish Government and Strathclyde Passenger Transport. It is also proposed that funding from the Shared Prosperity Fund and developer contributions already received be added to the programme. A detailed breakdown of these proposals is included in Appendix 2. If these proposals are approved, the total base budget for the year will increase to £81.990 million.
- 4.11. The programme spend and funding for the General Fund is summarised in Appendix 4. As noted in Section 4.10, the total Capital Programme for the year is £81.990 million. Budget for the period is £2.048 million and spend to the 19 May 2023 is £2.048 million.
- 4.12. Actual funding received to 19 May 2023 is £39.296 million. Relevant officers will closely monitor the generation of all income.

5. 2023/2024 Housing Programme

- 5.1. **Housing Programme – 2023/2024 Budget:** The total Housing Capital programme for the year is £63.916 million, as detailed at Section 3.2. Programme funding for the year also totals £63.916 million. Appendix 5 summarises the position on the Housing programme as at 19 May 2023. Work is ongoing to establish the financial impact of current year plans. An update on the programme for financial year 2023/2024 will be reported to the next meeting of this Committee for approval, as part of the financial monitoring position for period 3.

- 5.2. **Housing Programme – Period 2 Position:** Budget for the period is £6.337 million and spend to 19 May 2023 amounts to £6.337 million. As at 19 May 2023, £6.337 million of funding had been received.

6. Employee Implications

- 6.1. There are no employee implications as a result of this report.

7. Financial Implications

- 7.1. The General Services and Housing Programme Programmes and their spend position to 20 May 2022 are detailed in sections 4 and 5 respectively.
- 7.2. Regular monitoring of both the General Fund Programme and the Housing Programme will be carried out in detail by the Financial Resources Scrutiny Forum and reported on a regular basis to this Committee.

8 Climate Change, Sustainability and Environmental Implications

- 8.1 There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

9 Other Implications

- 9.1 The main risk associated with the Council's Capital Programme is an overspend. The risk has been assessed as low given the detailed project management plans prepared and monitored for each project. The risk of overspend is managed through four weekly Investment management meetings.

10 Equality Impact Assessment and Consultation Arrangements

- 10.1 This report does not introduce a new policy, function or strategy or recommend a change to existing policy, function or strategy and, therefore, no impact assessment is required.
- 10.2 There was also no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning

Executive Director (Finance and Corporate Resources)

7 June 2023

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ South Lanarkshire Council, 22 February 2023
- ◆ Executive Committee, 29 March 2023

List of Background Papers

- ◆ Capital Ledger prints to 19 May 2023

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Lorraine O'Hagan, Finance Manager (Strategy)

Ext: 2601 (Tel: 01698 452601)

E-mail: lorraine.o'hagan@southlanarkshire.gov.uk

PROJECTS WHERE BUDGET NOT REQUIRED IN 2023/2024

Appendix 1

Project Name	Slippage (£m)	Acceleration (£m)	Saving (£m)
Community and Enterprise Resources			
Parks and Play (inc Renewal of Play Parks)	1.026		
Larkhall Leisure Centre	9.219		
City Deal:			
Sustainable Transport Interventions	0.274		
Calderside Academy - Phase 1	4.406		
Woodfoot Road / Wellhall Road	1.174		
Wellhall Road / Hillhouse Road	1.070		
Woodfoot Road / Highstonehall Road	0.269		
Strathaven Road / Mill Road	0.764		
Upgrade Community Facilities	0.079		
Holy Cross	3.036		
Merryton Roundabout	0.856		
M74 Works	1.007		
Hairmyres Park and Ride	1.423		
GSO Redwood Drive	0.048		
Pedestrian Crossings – Eaglesham Road (Jackton and Hairmyres)	0.089		
Education Resources			
Newton Farm Primary School Extension	0.409		
St John the Baptist Nursery Expansion	0.504		
Finance and Corporate Resources			
Digital Tools	0.124		
Digital Transformation Review Fund	0.149		
IT Review	0.073		
Housing and Technical Resources			
Lock Ups	0.192		
Social Work Resources			
Community Alarms – Analogue to Digital		(0.176)	
SWIS Plus		(0.177)	
Project Savings			0.937
SUB-TOTAL MOVEMENTS	26.191	(0.353)	0.937
TOTAL MOVEMENT			26.775

Proposed Adjustments

Community and Enterprise Resources

Place Based Investment Programme

Funding from the Scottish Government of £1.213 million has been confirmed for the next phase of the Place Based Investment Programme. In line with previous years the funds are open to communities to bid for grants to support projects.

Approval is sought to increase the 2023/2024 Capital Programme by £1.213 million. The allocation of this funding to specific projects has been approved by the Community and Enterprise Resources Committee at its meeting on 30 May 2023.

£1.213m

Strathclyde Partnership for Transport (SPT)

Strathclyde Partnership for Transport have awarded this Council £1.782 million to progress a number of schemes during 2023/2024:

£1.782m

Bus Infrastructure Improvements	£0.028m
Bus Route Congestion Reduction Measures	£0.195m
Hairmyres Station Park and Ride	£0.975m
Lanark Interchange	£0.194m
National Strategic Cycle Routes	£0.240m
Route Action Plans	<u>£0.150m</u>
Total	£1.782m

The above allocations are net of budget of £0.468 million carried forward from 2022/2023. Approval is sought to increase the 2023/2024 Capital Programme by £1.782 million.

Cycling Walking and Safer Routes

The Council's Cycling, Walking and Safer Routes grant allocation from the Scottish Government for 2023/2024 has now been confirmed as £2.061 million. This is an increase of £0.652 million from the funding advised previously and included in the 2023/2024 Capital Programme (£1.409 million – approved 22 February 2023). This will be used to deliver road safety and infrastructure improvement schemes including road safety schemes at schools, route action plans and new walking & cycling facilities infrastructure.

£0.652m

Education Resources

Jackton Primary School

The 2023/2024 Capital Programme includes an allocation of £3.9 million for the new Jackton Primary School, which is scheduled to complete in July 2023.

£0.100m

Approval is sought to increase the 2023/2024 Capital Programme by £0.100m to fund the cost of fixed furniture. This will be funded by developers' contributions from the East Kilbride area, which have already been received.

Castlefield Primary School – Extension

The 2023/24 capital programme includes an allocation of £0.401 million to allow the completion of a two-classroom extension to Castlefield Primary School, which commenced on site in late 2022 and is scheduled for completion July 2023.

£0.150m

Approval is sought to increase the 2023/24 Capital Programme by a further £0.150 million to undertake additional external works to cater for additional support need

pupils and for extra material costs. The project will be funded from developer's contributions already received for this area.

Education Additional Support Needs Adaptations / Mainstream Growth

Education Resources have identified a number of essential adaptations totalling £0.100 million, which will provide additional accommodation for ASN pupils and to accommodate for mainstream pupil growth in the Cathkin and Trinity Learning Community. These works will be funded from developer contributions already received for this area. £0.100m

Education ICT – Duncanrig Secondary School

Approval is sought to increase the 2023/2024 Capital Programme by £0.020m to allow additional ICT equipment to be purchased for Duncanrig Secondary School, East Kilbride. This will be funded by developer contributions which have already been received for the East Kilbride area. £0.020m

Housing and Technical Resources

Prioritised Urgent Investment - Biggar Corn Exchange

Approval is sought to increase the 2023/2024 Capital Programme by £0.124 million to allow the improvement works to the roof of Biggar Corn Exchange project to progress. This will be funded from the following sources: SSE Funding (£0.070m), Clyde Extension Fund (£0.042m) and a contribution from Community and Enterprise Resources Revenue budget (£0.012m). This will be augmented by a £0.030 million contribution from the Prioritised Urgent Investment fund, which is already included in the 2023/2024 Capital Programme. £0.124m

Minor Adjustments

-

TOTAL ADJUSTMENTS

£4.141m

APPENDIX 3

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2023/24
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2023 TO 19 MAY 2023

£m

Total Base Budget (including carry forward from 2022/2023) **77.849**

Proposed Adjustments – Period 2 4.141

Total Revised Budget **81.990**

	<u>2023/24</u> <u>Budget</u>	<u>Period 2</u> <u>Proposed</u> <u>Adjustments</u>	<u>Revised</u> <u>2023/24</u> <u>Budget</u>
<u>Resource</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Community & Enterprise	38.210	3.647	41.857
Education	18.677	0.370	19.047
Finance & Corporate	5.333	-	5.333
Housing & Technical	11.799	0.124	11.923
Social Work	2.030	-	2.030
Other Match Funding	1.800	-	1.800
TOTAL CAPITAL PROGRAMME	77.849	4.141	81.990

APPENDIX 4

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2023/24
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2023 TO 19 MAY 2023

	<u>2023/24</u> <u>Original</u> <u>Estimate inc</u> <u>C/F</u>	<u>2023/24</u> <u>Revised</u> <u>Budget</u>	<u>2023/24</u> <u>Budget to</u> <u>19/05/23</u>	<u>2023/24</u> <u>Actual to</u> <u>19/05/23</u>
Expenditure	£m	£m	£m	£m
General Fund Programme	77.849	81.990	2.048	2.048
Income	<u>2023/24</u> <u>Budget</u>	<u>2023/24</u> <u>Revised</u> <u>Budget</u>		<u>2023/24</u> <u>Actual</u> <u>To</u> <u>19/05/23</u>
	£m	£m		£m
Prudential Borrowing	24.959	24.959		24.959
Developers Contributions	7.658	8.028		4.225
Partners (Including High Blantyre Construction, SPT, Sustrans, and CARES)	2.157	4.051		0.499
Scottish Government:				
- Capital Grant	33.985	33.985		4.820
- Cycling, Walking and Safer Routes	1.632	2.284		0.000
- Vacant and Derelict Land	2.019	2.019		1.334
- Regeneration Capital Grant	0.737	0.737		0.745
- Place Based Investment Programme	1.510	2.723		1.510
Glasgow City Region City Deal	0.000	0.000		0.000
Capital Receipts	2.000	2.000		0.000
Specific Reserves	1.192	1.204		1.204
Revenue Contribution	0.000	0.000		0.000
TOTAL FUNDING	77.849	81.990		39.296

APPENDIX 5

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2023/24
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2023 TO 19 MAY 2023

	<u>2023/24</u> <u>Annual</u> <u>Budget</u> £m	<u>2023/24</u> <u>Budget to</u> <u>19/05/23</u> £m	<u>2023/24</u> <u>Actual to</u> <u>19/05/23</u> £m
Expenditure			
2023/24 Budget	63.916	6.337	6.337

	<u>2023/24</u> <u>Annual</u> <u>Budget</u> £m	<u>2023/24</u> <u>Actual to</u> <u>19/05/23</u> £m
INCOME		
Capital Receipts	0.000	1.683
Capital Receipts – Land Sales	0.000	0.000
Capital Funded from Current Revenue	27.162	4.654
Prudential Borrowing	17.302	0.000
Scottish Government Specific Grant:		
- New Build	16.632	0.000
- Open Market Purchase Scheme	2.700	0.000
- Mortgage to Rent	0.120	0.000
	<u>63.916</u>	<u>6.337</u>