



Report

Report to:	Executive Committee
Date of Meeting:	28 February 2018
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Programme 2018/2019 – 2019/2020 Update
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide the Committee with an updated General Services Capital Programme for financial years 2018/2019 and 2019/2020, which continues to reflect Council priorities.

2. Recommendation(s)

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

- (1) that adjustments to the expenditure profile in relation to Clyde Gateway, Glasgow City Region City Deal, and Residential Care Facilities, as detailed in section 4 of this report, be approved;
- (2) that confirmation of General Capital Grant funding for 2018/2019, as notified in Finance Circular 5/2017, of £27.607 million be noted;
- (3) that the proposed use of the Capital Grant funding, as detailed in section 5, be approved.
- (4) that the resultant Capital Investment Programme for 2018/2019 to 2019/2020, totalling £126.478 million, as summarised in section 5.9. and detailed in Appendix 2 of this report, be approved; and
- (5) that the other emerging capital issues, as identified in section 6, be noted.

3. Background

- 3.1. The General Services Capital Programme for financial years 2017/2018 to 2019/2020 was approved by the Executive Committee on 16 February 2017.
- 3.2. The report also included allocations for specific capital investment programmes which had already been approved by Committee, namely the Primary Schools' Modernisation Programme and the Roads Investment Plan which will both complete by 2019, as well as the Street Lighting Improvement Programme which will complete by 2020. The Council is also part of the Glasgow City Region City Deal Programme, with expenditure expected to complete by 2028.
- 3.3. Since the approval of this report, a number of changes to the programme had been approved by the Executive Committee throughout 2017/2018.

- 3.4. In addition, the Local Government Finance Circular 5/2017 has revised the Council's General Capital Grant allocation for 2018/2019. Grant funding has also been identified for specific spend programmes.
- 3.5. This report gives an update on the anticipated budget for 2018/2019 and 2019/2020, taking into account adjustments which have been approved during the course of 2017/2018 and the impact on the future spend profiles of Clyde Gateway, Glasgow City Region City Deal Programme and the Replacement Care Facilities project (section 4). This report also details changes to the funding package as a result of Finance Circular 5/2017 (section 5) and proposes how this funding should be utilised.
- 3.6. Since the approval of the 2017/2018 to 2019/2020 Capital Programme, a number of new capital issues have emerged and these are discussed in section 6.
- 4. Update to 2018/2019 and 2019/2020 Capital Programme**
- 4.1. The Executive Committee on 16 February 2017 approved new projects for 2018/2019 and 2019/2020 totalling £20.348 million and £19.225 million respectively.
- 4.2. Taking into account the anticipated spend on the Roads Investment Plan, Primary Schools' Modernisation Programme, Street Lighting Improvement Programme and Glasgow City Region City Deal – Roads Projects, the full programme approved was £63.870 million for 2018/2019 and £79.154 million for 2019/2020.
- 4.3. During 2017/2018, changes have been approved by the Executive Committee which has added £26.276 million to the expected spend in 2018/2019. These adjustments are listed in Appendix 1 attached.
- 4.4. In addition, work is ongoing on a number of the current capital programme streams which will have an impact on their profile expenditure and these are discussed further in sections 4.5. to 4.9. below.
- 4.5. **Clyde Gateway**: A commitment of £0.800 million per annum had been identified as continued support in relation to Clyde Gateway Regeneration Programme. In order to allow the completion of the Red Tree Business Incubator project at Shawfield, the Clyde Gateway Urban Regeneration Company have requested that the £0.800 million contribution scheduled for financial year 2019/2020 be paid one year early in 2018/2019.
- 4.6. **Glasgow City Region City Deal**: This Committee was advised on the 27 September 2017 of budget movements in the Cathkin Relief Road project (£1.7 million) and Greenhills Road project (£3.2 million) during 2017/2018. These were added to the 2018/2019 Capital Programme and are reflected in Appendix 1 attached.
- 4.7. A recent review of project expenditure, concentrating specifically on spend expected to occur in the next 5 years, has been undertaken. It is envisaged that £21.535 million will be required in 2018/2019 and £18.285 million in 2019/2020. This is a reduction of £10.392 million in 2018/2019 and £37.370 million for 2019/2020. Remaining budget will be carried forward into future years, to conclude these committed projects.
- 4.8. **Social Work Replacement Care Facilities**: During the course of 2017/2018, Social Work Resources identified budget movement into future years of £11 million. This is included in Appendix 1 attached and was profiled into 2018/2019.

- 4.9. A full project and implementation plan for this project is being developed, reflecting the direction of travel in relation to replacement care facilities. It is proposed that an allocation of £5 million be profiled into 2018/2019, a movement of £12.3 million into financial year 2019/2020. This assumes pre-development works in 2018/2019 with construction of the first facility commencing thereafter and completion the following year. This will be updated when further information becomes available.
- 4.10. Taking into account the adjustments noted at 4.2. to 4.9. above results in a revised budget for 2018/2019 and 2019/2020 totalling £121.538 million and this position is summarised in Table 1 below.

Table 1: Revised General Fund Programme 2018/2019 to 2019/2020 after approved adjustments and profiling changes

	2018/2019 £m	2019/2020 £m	Total £m
Approved Programme - February 2017 (Section 4.2.) (including Roads Investment Programme, Primary Schools' Modernisation Programme, Street Lighting Improvement Programme and Glasgow City Region City Deal)	63.870	79.154	143.024
Net Changes Approved from Previous Years (Section 4.3.)	26.276	-	26.276
Clyde Gateway (Section 4.5.)	0.800	(0.800)	-
Glasgow City Region City Deal (Section 4.6.- 4.7.)	(10.392)	(37.370)	(47.762)
Social Work Residential Care Facilities (Sections 4.8. - 4.9.)	(12.300)	12.300	-
Revised General Fund Expenditure Programme	68.254	53.284	121.538

5. Notification of Grant

- 5.1. **General Capital Grant:** The General Capital Grant figure which was included in the programme for 2018/2019 and 2019/2020 is £24 million per annum. This was a prudent assumption based on the approximate level of the 2016/2017 General Capital Grant allocation. It has been agreed that a proportion of this grant, £7 million in 2018/2019 and £6 million in 2019/2020 will be used to contribute towards the Glasgow City Region City Deal Programme, as the Council is required to meet 14% of the estimated costs.
- 5.2. Since the approval of this report, the Council has received confirmation of the Capital funding available in 2018/2019, as part of the Local Government Finance Settlement (FC5/2017) which was issued on 14 December 2017.
- 5.3. General Capital Grant of £27.607 million has been awarded for financial year 2018/2019. Grant levels beyond 2018/2019 have still to be confirmed. Therefore, there is additional funding of £3.607 million available in 2018/2019.
- 5.4. It has already been proposed to the Executive Committee that £3 million of this additional capital grant (£1 million Footways, and £2 million Carriageways) be added to the capital budget to help mitigate the impact of the Roads Carriageway revenue saving for 2018/2019. This leaves a balance of £0.607 million still to be allocated.

- 5.5. It is proposed that £0.307 million of this additional funding be allocated to the Springhall Regeneration Project. Cathkin Library is currently located on the upper floor, above a row of privately owned shops and the proposal involves relocating the Library into an area of Springhall Community Centre. This project will complement proposed redevelopment works at Springhall Community Centre, which are already the subject of a separate bid to the Scottish Government's Regeneration Capital Grant Fund. The bid involves developing a high quality community space incorporating a flexible training and learning centre, integrated IT facilities, kitchen and pop up cafe, multi-use area, informal meeting space and external community green space.
- 5.6. Of the remaining £0.300 million, it is proposed that £0.200 million be allocated to create Bin Storage Areas in a number of locations to mitigate ongoing environmental and access issues, and finally, that £0.100 million be allocated for the enhancement of War Memorials including stonemasonry, hard and soft landscaping and one off repairs, in advance of the 1st World War 100 Year Anniversary in November 2018.
- 5.7. Finance Circular 5/2017 also confirmed specific Capital Grant funding for Cycling, Walking and Safer Streets (£0.432 million) and Vacant and Derelict Land (£0.901 million).
- 5.8. An additional Scotland-wide allocation of £150 million has also been made available for the delivery of 1,140 Hours within Early Years, however this remains unallocated across Local Authorities. It is estimated that the Council's share, based on our previous allocation of 5.81%, will be approximately £8.7 million.
- 5.9. Taking into account the funding changes noted in 5.3. to 5.7. above, results in a revised General Services Capital Programme for 2018/2019 and 2019/2020 totalling £126.478 million and this is summarised in Table 2 below:-

Table 2: Revised General Fund Programme 2018/2019 to 2019/2020 after 2018/2019 Grant Notification

	2018/2019 £m	2019/2020 £m	Total £m
Revised General Fund Expenditure Programme (Section 4.10. above)	68.254	53.284	121.538
Additional General Capital Grant (Section 5.3.)	3.607	-	3.607
Specific Capital Grants (Section 5.7.)	1.333	-	1.333
Revised General Fund Programme	73.194	53.284	126.478

- 5.10. The proposed programme for financial years 2018/2019 and 2019/2020 is detailed in Appendix 2 to this report along with the funding package in Appendix 3.
- 6. Other Capital Issues**
- 6.1. In addition to the revisions identified in the approved programmes of works noted in sections 4 and 5 above, there are a number of other emerging capital issues which may have an impact on the 2018/2019 and 2019/2020 Capital Programme and these are discussed further below:-
- 6.2. **Education Growth and Capacities:** Due to actual and predicted pupil growth related to general population growth and significant new housing development across the

authority, a number of Primary and Secondary Schools are experiencing capacity pressures, or are predicted to in the near future. A review is currently underway to identify measures available to meet these pressures. A report will be presented to a future meeting of this Committee with proposals.

- 6.3. **Early Years – 1,140 Hours:** The Scottish Government have committed to increase entitlement to free early learning and childcare (ELC) from 600 hours per year to 1,140 hours per year by August 2020.
- 6.4. The Scottish Government allocated £30m in capital funding for 2017/2018 for the implementation of 1,140 hours. South Lanarkshire Council were allocated £1.743 million of this funding, based on the Council's 5.81% share of pre-school education GAE. These monies are being used for the design costs of 6 nurseries.
- 6.5. The Scottish Government have advised that capital funding for the expansion of Early Learning and Childcare will be made available for three further financial years (2018/2019 – 2020/2021 inclusive). They expect capital funding for the three year period to be £400 million. Based on a 5.81% share, £23.240 million would be allocated to South Lanarkshire.
- 6.6. South Lanarkshire Council submitted an Early Years and Childcare Expansion Plan to the Scottish Government, which was approved by the Executive Committee on 8 November 2017. The report detailed that 12 new nurseries and a refurbishment, along with additional capacity for hot food provision would be required to fully implement 1,140 hours, at an estimated capital cost of £46.503 million. Work continues to refine the requirements to deliver this obligation within the funding available.

7. Other Implications

- 7.1. 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.

8. Equality Impact Assessment and Consultation Arrangements

- 8.1. 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.
- 8.2. 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)

5 February 2018

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Executive Committee, 16 February 2017

List of Background Papers

- ◆ None

Contact for Further Information

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

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Changes Approved by Executive Committee during 2017/2018

Project Name	Amount £m
Accommodation Upgrades – Community Facility, Walston Primary	0.100
Existing Synthetic & Grass Pitches	0.400
Zero Waste Fund Projects	0.400
Ballgreen Hall – Demolition	0.130
Demolition Programme	0.130
Upgrades to Community Infrastructure	0.120
City Deal – Cathkin Bypass	1.700
City Deal – Greenhills Road	3.200
Primary Schools' Modernisation Programme – St Patrick's Primary	2.390
Primary Schools' Modernisation Programme – Early Learning Unit	5.500
Schools ICT	0.943
Customer Contact Centre	0.093
FMS and HRMS Server Replacement	0.050
New FMS Modules & Systems Development	0.020
Mobile Working	0.100
Social Work Residential Facilities*	11.000
Total	26.276

** The approved adjustment slipped the budget 'into future years'. This has been assumed as 2018/2019 in the first instance and is discussed further in Section 4.8. to 4.9.*

Revised General Service Capital Programme 2018/2019 to 2019/2020

	2018/2019 £m	2019/2020 £m	Total £m
Community and Enterprise Resources			
Ballgreen Hall – Demolition	0.130	-	0.130
Accommodation Upgrades – Community Facility, Walston Primary	0.100	-	0.100
Zero Waste Fund Projects	0.400	-	0.400
Clyde Gateway	1.600	-	1.600
Extension / Improvement of Cemeteries	0.145	0.372	0.517
Existing Synthetic and Grass Pitches	0.731	0.225	0.956
Upgrades to Community Infrastructure	0.120	-	0.120
Demolition Programme	0.130	-	0.130
War Memorials	0.100	-	0.100
Bin Storage Areas	0.200	-	0.200
Roads Improvement (including Footpaths)	3.000	5.500	8.500
Roads Investment Programme	12.000	-	12.000
Street Lighting Improvement Programme	1.641	1.624	3.265
Cycling, Walking and Safer Streets	0.432	-	0.432
Vacant and Derelict Land	0.901	-	0.901
Total City Deal / Developer Contributions – Community Growth Areas	5.484	7.746	13.230
Total Glasgow City Region City Deal – Roads Projects (Greenhills, Cathkin, Stewartfield Way)	16.051	10.539	26.590
Total Community and Enterprise Resources	43.165	26.006	69.171
Education Resources			
Schools ICT Solutions for Learning	2.693	1.750	4.443
Multi Use Games Area Pitches - Schools	0.125	0.112	0.237
St John's Primary School, Blackwood	0.353	-	0.353
Loch Primary School	1.103	0.650	1.753
Capacity Issues – Mainstream Primary School	0.320	0.295	0.615
Primary Schools Modernisation Programme	10.744	2.650	13.394
Total Education Resources	15.338	5.457	20.795
Finance and Corporate Resources			
IT Infrastructure / Telephony and Productivity	0.555	0.534	1.089
Customer Contact Centre	0.093	-	0.093
FMS and HRMS Server Replacement	0.050	-	0.050
New FMS Modules & Systems Development	0.020	-	0.020
Mobile Working	0.100	-	0.100
Total Finance and Corporate Resources	0.818	0.534	1.352
Housing and Technical Resources			
Private Housing Scheme of Assistance	1.000	1.000	2.000
Planned Asset Management Programme	4.551	4.775	9.326
Prioritised Urgent Investment in Property	1.700	1.700	3.400
Headquarters Fabric Upgrade	0.690	0.887	1.577
Civic Centre Fabric Upgrade	0.625	0.625	1.250
Springhall Regeneration Project	0.307	-	0.307
Total Housing and Technical Resources	8.873	8.987	17.860

Revised General Service Capital Programme 2018/2019 to 2019/2020 (cont.)

	2018/2019 £m	2019/2020 £m	Total £m
Social Work Resources			
Social Work Residential Facilities	5.000	12.300	17.300
Total Social Work Resources	5.000	12.300	17.300
Total General Services Capital Programme 2018/2019 to 2019/2020	73.194	53.284	126.478

Revised General Services Capital Programme – Funding 2018/2019 to 2019/2020

	2018/2019 £m	2019/2020 £m	Total £m
Full Capital Programme	73.194	53.284	126.478
Funding Available			
Borrowing	24.568	12.267	36.835
Capital Receipts	1.500	1.500	3.000
General Capital Grant	27.607	24.000	51.607
Specific Capital Grant	1.333	-	1.333
Developers Contributions	1.216	1.074	2.290
City Deal Government Grant	-	4.411	4.411
City Deal (Borrowing / Reserves)	14.535	7.874	22.409
Specific Council Reserves – IT Development Fund	0.794	0.534	1.328
Revenue Contributions	1.641	1.624	3.265
Total Funding Available	73.194	53.284	126.478
Surplus / (Deficit) in Funding	-	-	-