



# Report

Report to:	<b>Executive Committee</b>
Date of Meeting:	<b>21 November 2018</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Future Capital Investment Strategy</b>
----------	---

## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Set out the basis for a medium term Capital Investment Strategy, covering a period of 10 years. This will help shape future capital programmes, the next of which will be due in 2020.

## 2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendations:

- (1) That the Capital Investment Strategy, as detailed in Appendix A, be approved;

## 3. Background

- 3.1. Following the publication of the revised Prudential Code for Capital Finance in Local Authorities 2017, there is a new requirement for councils to produce a Capital Strategy.
- 3.2. In order to demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, there is now a requirement to have in place a Capital Strategy.
- 3.3. The strategy should set out the long-term context in which capital expenditure and investment decisions are made. This includes funding available and how the Council's Treasury Management decisions link with its Capital Investment.
- 3.4. An update to the 2018/19 to 2019/20 General Services Capital Programme was approved by the Executive Committee on 28 February 2018, with a total programme of investment of £126.478 million over the 2 years. **This report looks to establish the likely capital investment requirements for the next 10 year period. It will focus mainly on the years following the end of the existing programme in 2019/20.**
- 3.5. The Council's proposed Future Capital Investment Strategy to 2027/28 is included in Appendix A to this report.
- 3.6. This report will summarise the areas which will impact on the capital outlook over the medium term for the Council, and provide the key highlights from the Strategy. Specifically these are:

- identification of major capital investment requirements (Section 4),
- potential sources of Capital Funding (Section 5),
- key issues and risks that will impact on the delivery of the Capital Investment Strategy and other long term liabilities (Sections 6),
- the alignment of the Capital Strategy and Treasury Management Strategy, including the governance arrangements in place (Section 7),
- the governance framework required to ensure the Capital Investment Strategy is delivered (Section 8),
- the skills and knowledge of employees responsible for delivering capital investment and treasury management (Section 9),
- Capital Programme Summary (Section 10).

#### **4. Identification of Major Capital Investment Requirements**

- 4.1. The Council is required to consider factors contributing to our requirements to maintain Council assets. In order to do this, costs will be confirmed and budget requirements will be identified throughout the life of this Strategy. This information will then be used to inform the Council's decision making process when considering future capital programmes.
- 4.2. The main areas of investment identified are within Leisure Centres and Community Halls, Roads including Park and Ride Facilities, Social Work facilities including Replacement Care Facilities and a Community Family Centre, Education including Schools and Early Years (growth and capacities and the move to 1,140 hours), Information Technology, University of Scotland Masterplan Development and Housing. This is not a definitive list, however these are the significant areas where essential capital investment is required over the next 10 years.
- 4.3. Expenditure will also be necessary in other areas of Council Services and to support ongoing programmes of work such as Schools Information Communication Technology, Private Housing Scheme of Assistance, Planned Asset Management, Prioritised Urgent Investment and ongoing investment in cemeteries, pitches and infrastructure. There is an ongoing requirement for these projects / programmes and in order for these to continue, funding needs to be provided moving forward. An allowance for each of these projects has been included in this Capital Strategy.
- 4.4. Furthermore, given that the first school completed under the Primary School Modernisation Programme opened during financial year 2004/05, the strategy has identified that a programme of lifecycle replacement for major elements of infrastructure within our Primary School Estate will need to commence during the next capital programme. Other areas have been prioritised as requiring investment and these include infrastructure works in play parks, country parks, and allotments along with improvements required at Lanark Library. There may also be a requirement for investment in the Fleet Depot within Clydesdale and Roads Depots at Carnwath and Lesmahagow.
- 4.5. The Council will continue to be aware of requirements for capital investment and any further requirements may be considered as part of updated strategies and capital programmes.

#### **5. Potential Sources of Capital funding**

- 5.1. A core element of a Capital Investment Strategy is the level of funding available to support the programme.
- 5.2. One of the most significant areas of uncertainty is the level of funding available for capital investment, as we do not have financial settlements from the Scottish

Government for the General Capital Grant beyond the current financial year. A prudent assumption has been made that the Council will receive Capital Grant to the approximate level of the 2018/19 in-year award, with a proportion of this required to contribute towards the Glasgow and Clyde Valley City Deal Programme. Any grant awarded over this assumed level will be available to offset borrowing or to invest in other capital works.

- 5.3. Capital Receipts formed part of the funding package for the 2017/18 to 2019/20 Capital Programme. Whilst the number of receipts transactions anticipated is expected to increase, the value generated by these receipts is expected to reduce and this has resulted in a reduced annual target being incorporated into this Capital Strategy.
- 5.4. The Council can borrow to meet the costs of capital expenditure. Currently the Primary Schools Modernisation Programme, Roads Investment Plan and the LED element of the Street Lighting Improvement Programme are primarily funded by borrowing. Additional revenue budget is required in relation to interest on City Deal borrowing. The borrowing for City Deal is temporary until grant for City Deal is received. All other predicted costs can be managed within the revenue budget currently available for loan charges.
- 5.5. Other sources of capital funding will continue to be explored for specific projects. These will include Strathclyde Passenger Transport (SPT) funding and Scottish Government Grant for new build housing.
- 6. Key issues and risks that will impact on the delivery of the Capital Investment Strategy and other long term liabilities**
  - 6.1. The Council is required via the Prudential Code to identify the long-term implications, both financial and operational, and the potential risks to service delivery through non-investment in our assets. The Council's appetite for risk is taken into account in establishing the Capital Strategy.
  - 6.2. The Council has two long-term contractual arrangements in place that date back several years – the Secondary Schools Modernisation Programme and the Glasgow Southern Orbital / M77 Extension. There are no proposals in this Strategy to increase or add to these arrangements.
- 7. The alignment of the Capital Strategy and Treasury Management Strategy**
  - 7.1. The Prudential Code requires that the Council's Capital Strategy be aligned with the Treasury Management Strategy which is approved by the Executive Committee annually as part of the budget setting process.
  - 7.2. The capital programme determines the borrowing need of the Council, The Treasury Management process essentially monitors the longer term cash flow planning, to ensure the Council can manage its capital spending obligations.
  - 7.3. The Capital Strategy details the Council's debt position, including the anticipated level of debt and the authorised borrowing limit.
- 8. Governance Framework**
  - 8.1. It is important that the appropriate Governance framework be in place when considering capital investment. In order to mitigate some of the risks associated with poor governance, there is appropriate governance arrangements in place in terms of the Capital Programme and Treasury Management processes. These are detailed in the Strategy.

## **9. Knowledge and Skills**

- 9.1. The employees responsible for monitoring the Council's capital programmes, asset management, and treasury management have the appropriate skills and knowledge to ensure the successful delivery of capital investment.

## **10. Capital Programme Summary**

- 10.1. The Future Capital Investment Strategy (Appendix A) gives an estimate of potential capital investment and a funding package. This is based on the information currently known and will be the subject of further refinement when the ongoing works to develop each of the projects/programmes is complete.
- 10.2. Appendix 6 of the Future Capital Investment Strategy shows what capital investment for the next 10 years to 2027/2028 could look like, taking account of the new projects and ongoing projects which could require funding. This is summarised in Table 1:

**Table 1 : Summary of 10 Year Capital Investment Strategy**

<b>10 Year Capital Investment Strategy</b>	<b>£m</b>
Total Expenditure	£399.268m
Total Funding Available	£339.949m
<b>Funding Shortfall</b>	<b>(£59.319m)</b>

- 10.3. Table 1 shows a potential funding shortfall of £59.319 million over the 10 year period of this Strategy.
- 10.4. It is anticipated that this shortfall could be reduced through external funding applications to partner organisations, such as SPT and Abellio Rail. In addition, the level of Capital Grant assumed in the Capital Strategy is prudent. If the Capital Grant received is higher than budgeted, then again this could reduce the shortfall.
- 10.5. Should the Council agree that the level of expenditure detailed in this report is required, then the Council could consider borrowing to bridge the gap. On the basis of borrowing the full shortfall of £59.319 million, the annual impact on loan charges would range from £0.500 million to £3.6 million across the years of the Strategy. This can be accommodated in the Council's loan charges budget in the short term, and over the next 10 years an increase of budget into the loans fund budget will be required of around £0.8 million in 2024/25.

## **11. Employee Implications**

- 11.1. None

## **12. Financial Implications**

- 12.1. As detailed within this report and summarised in Appendix 6, should the Council agree that the level of expenditure detailed in this report is required, there could be a funding shortfall of £59.319 million across the period covered within the Capital Strategy.
- 12.2. This funding shortfall could be reduced if external funding is secured or if additional Capital Grant is received, over and above the prudent estimates currently contained within this Strategy. It is suggested that the Council could consider borrowing to bridge the funding gap.
- 12.3. **The cost of borrowing the full funding shortfall of £59 million would range from £0.500 million to £3.6 million across the years of the Strategy. This can be**

**accommodated within the current Loan Charges budget in the short term, and over the next 10 years an increase of budget into the loans fund budget will be required of around £0.8 million in 2024/25.**

**13. Equality Impact Assessment and Fairer Scotland Duty**

- 13.1. An Equality Impact Assessment has been completed for the Capital Strategy.
- 13.2. The Fairer Scotland Duty (Part 1 of Equality Act 2010) came into force in Scotland in April 2018. It places a legal responsibility on the Council to actively consider how it can reduce inequalities of outcome caused by socioeconomic disadvantage when making strategic decisions. It does not override other considerations such as equality or best value.
- 13.3. The Duty is set at a strategic level and is applicable to the key, high-level decisions that the public sector takes. Preparation of the Capital Strategy is considered to be relevant for a Fairer Scotland Duty impact assessment. An assessment in line with the requirements of the Fairer Scotland Duty has been completed.

**Paul Manning**

**Executive Director (Finance and Corporate Resources)**

30 October 2018

**Link(s) to Council Values/Ambitions/Objectives**

- Accountable, Effective, Efficient and Transparent

**Previous References**

Executive Committee, 28 February 2018

**List of Background Papers**

None

**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](mailto:lorraine.o'hagan@southlanarkshire.gov.uk)

**South Lanarkshire Council**  
**Future Capital Investment Strategy**

## Table of Contents

<b>Section</b>	<b>Page</b>
Section 1 – Background	1
Section 2 – Current Capital Programme Covering 2018/19 – 2019/20	1
<b>Identification of Major Capital Requirements</b>	
Section 3 – Leisure Centres	2
Section 4 – Community Halls	3
Section 5 – Roads Investment	3
Section 6 – Social Work Facilities	5
Section 7 – Education Pressures	6
Section 8 – Information Technology	7
Section 9 – Former University of West of Scotland Site Masterplan	9
Section 10 – Housing	9
Section 11 – Other Capital Projects Requiring Funding	11
<b>Potential Sources of Funding</b>	
Section 12 – Potential Sources of Funding	14
<b>Summary – Investment and Funding</b>	
Section 13 – Summary of Investment Priorities / Funding	15
Section 14 – Potential Capital Programme and Funding Profile	16
<b>Other Strategy Items</b>	
Section 15 – Risk Appetite	17
Section 16 – Other Long Term Liabilities	17
Section 17 – Treasury Management	18
Section 18 – Governance Framework	19
Section 19 – Knowledge and Skills	19

## **1. Background**

- 1.1. The Capital Strategy is a new requirement for councils to produce from April 2018 following the publication of the revised Prudential Code for Capital Finance in Local Authorities 2017.
- 1.2. In order to demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, there is now a requirement to have in place a capital strategy. The strategy should set out the long-term context in which capital expenditure and investment decisions are made. This includes funding available and how the Council's Treasury Management decisions interlink with Capital Investment.
- 1.3. The Capital Strategy focuses on core principles that will underpin the Council's future capital programmes. It does not set capital budgets but instead shows what will be the main areas requiring investment. This report looks at the major strategic issues facing the Council over the next 10 year period.
- 1.4. The Strategy maintains a strong and current link to the Council's priorities. In order to achieve this, the strategy has been developed by taking account of other key strategic documents notably the Treasury Management Strategy, Asset Management Strategy, Asset Management Plans, Medium Term Financial Strategy and the Council's Plan, Connect.

## **2. Current Capital Programme Covering 2018/19 – 2019/20**

- 2.1. An update to the 2018/19 to 2019/20 General Services Capital Programme was approved by the Executive Committee on 28 February 2018, with a total programme of investment of £126.478 million over the 2 years. A copy is included in Appendix 1 to this report.
- 2.2. The report included allocations for specific capital investment programmes which are due to complete within the timescales of the existing programme, 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, which is expected to continue until 2025/26.
- 2.3. The Executive Committee report also noted that there are a number of other emerging capital issues which may have an impact on the 2018/19 and 2019/20 Capital Programme including Education Growth and Capacities and the implications of the introduction of 1,140 Hours within Early Years.
- 2.4. The Council is required to consider factors contributing to our requirements to maintain Council assets. Costs will be confirmed and budget requirements identified throughout the life of this strategy. This information will then be used to inform the Council's decision making process when considering future capital programmes.
- 2.5. This strategy looks to establish the likely capital investment requirements for the next 10 year period, focusing on the years following the end of the existing programme in 2019/20. These capital investment requirements run alongside the Glasgow City Region City Deal programme however, they do include specific projects within Education (for Growth and Capacities). This is where the projects are part funded by



- 2.6. The strategy details the current activity ongoing across the Council in relation to identification of major capital requirements which will shape future capital programmes. The main areas identified as significant areas for capital investment are:
- Leisure Centres and Community Halls (sections 3 and 4),
  - Roads including Park and Ride Facilities (section 5),
  - Social Work Facilities (section 6),
  - Education including early years (section 7),
  - Information Technology (section 8),
  - Former University of West of Scotland Masterplan (section 9), and
  - Housing (section 10).
- 2.7. This is not a definitive list, however these are significant areas where capital investment may be required over the next 10 years. Other Council Services may also require funding which is detailed in section 11. Potential sources of funding have also been considered in section 12 and finally, a summary is included (section 13), along with a potential capital programme and funding package (section 14).
- 2.8. The strategy also focuses on the following areas:
- key issues and risks that will impact on the delivery of the Capital Investment Strategy and other long term liabilities (sections 15 to 16);
  - the alignment of the Capital Strategy and Treasury Management Strategy, including the governance arrangements in place (section 17);
  - the governance framework required to ensure the Capital Investment Strategy is delivered (section 18);
  - the skills and knowledge of employees responsible for delivering capital investment and treasury management (section 19).
- 3. Leisure Centres**
- 3.1. Work is ongoing in relation to the asset investment needs of the properties operated by South Lanarkshire Leisure and Culture. Three assets within the asset portfolio require significant investment and are considered a priority: Larkhall Leisure Centre, John Wright Sports Centre, East Kilbride, and Blantyre Leisure Centre. At this point in time, no definitive plans have been developed to replace / refurbish these facilities, however it is acknowledged that work is required in order that future demands on the service can be met. On this basis, an allocation of £30 million has been included within this Capital Strategy.
- 3.2. Fact finding on these facilities is ongoing, to understand costs and usage. Work with an external adviser (EKOS) is progressing to review the nature and extent of the development needs including the rationale for refurbishment and the opportunity to develop more integrated service hubs. As a first step, the Council wishes to examine the changing marketplace in which the three centres operate and to review the range of facilities and services that are offered in view of these changes. An indicative timetable from EKOS suggests that this work could be concluded by mid to late November 2018.

***£30m has been included within this Capital Strategy as a potential requirement for investment in Leisure Centres.***

#### **4. Community Halls**

- 4.1. Property Services (Assets and Estates Services) have been tasked with completing a detailed community asset review of each ward. Work is currently underway to identify the condition and suitability of each of the properties and how well they are utilised, with a pilot review underway on the Carlisle Area (Ward 1).
- 4.2. Each of the reviews will seek to identify assets with either low usage, where services could be accommodated elsewhere within the portfolio, and / or high revenue / capital costs. These assets should be the subject of more detailed reviews with the recommended outcomes being continued / additional investment, community asset transfer or potential capital receipt.
- 4.3. In addition, this work will consider how the Council can contribute to addressing social isolation, deprivation and provide opportunities for further community engagement through the use of community facilities. This could include increased access to IT facilities and other services for residents. Further work will be undertaken to establish good practice already taking place and the opportunity that this presents.

***Investment in Community Halls has been identified as a potential requirement within this Capital Strategy. Work is ongoing and the outcome of that work will inform more detailed expenditure requirements moving forward.***

#### **5. Roads Investment**

- 5.1. Roads Investment Plan: 2018/19 is the final year of the £126 million Roads Investment Plan (RIP), with a final allocation of £12 million which was then augmented by £3 million (to £15 million) due to extra grant funding received in 2018/19. This £3 million offset a revenue saving. Following the end of the Roads Investment Plan in 2018/19, an allocation of £5.5 million was approved for 2019/20 as part of the 2017/18 – 2019/20 Capital Programme, extending the funding for Roads improvement by a further year.
- 5.2. The Association of Public Services Excellence (APSE) was commissioned by the Council to provide consultancy support to review the efficiency and effectiveness of the delivery of the Council's road surfacing policy and to provide an assessment of future need. The outcomes of the review, in relation to the staffing structure to support future delivery, were included in a recent report to the Community and Enterprise Resource Committee (August 2018).
- 5.3. Their report states that it is evident that the condition of the Council's carriageways has improved overall as a result of the RIP capital investment. However, if the Council wishes to maintain its road condition, it will need to extend the RIP with further annual investment. It recommends that the Council should endeavour to maintain the status quo through 'steady state' funding. Taking into account the Council's planned surfacing maintenance budget of £0.9m, the capital requirement would be estimated at circa £10.1 million per annum.
- 5.4. In relation to 2019/20, the current approved capital programme for carriageways is £5.5m which is augmented by an amount of £1.500 million of Revenue Budget funding giving a total budget of £7.000 million. In order to take this to the steady state requirement of £11 million, it is proposed that additional investment of £4 million be added for 2019/20. An investment of £9.4 million per annum on Roads Carriageways will also be required from financial year 2020/21 to ensure the current

roads standard is maintained.

***An additional £4.0 million for 2019/20 and £9.4 million per annum from 2020/21 - 2027/28 has been included within this Capital Strategy for investment in Roads Carriageways.***

5.5. Other Roads Infrastructure Works:

The road 'asset' consists of not only carriageways but footways and footpaths, traffic management systems and vehicle restraint systems. In previous years' approximately £2.400 million per annum of the Roads Investment Programme (£12 million) has been allocated towards these areas.

5.6. On this basis, and to ensure continued investment in these areas, it is proposed that £2.4 million be earmarked in the Strategy each year.

***An amount of £2.4 million has been added per annum for 2019/20 – 2027/28 to manage investment in Other Roads Infrastructure works including Footways and Footpaths, Traffic Management and Vehicle Restraint Systems (sections 5.6 to 5.8).***

5.7. Street Lighting: The Street Lighting Improvement Programme is in its final year, with 7,166 out of 7,253 of the Council's oldest / high risk columns replaced. Significant progress has been made, with performance information collated by SCOTS/APSE on an annual basis highlighting that the Council has moved from having the 2<sup>nd</sup> oldest stock to the 6<sup>th</sup> oldest stock. There is an ongoing requirement to invest to prevent further regression in the overall condition of the lighting stock. A revenue budget of £0.500 million per annum is available to maintain and replace existing street lighting columns moving forward.

5.8. Structures: Structures include road and foot bridges, culverts and subways and road related retaining walls. Bridge condition is generally reasonable however the Roads AMP states that investment is required in repainting major steel bridges and replacement of parapets. Investment is also required to remediate Clyde Bridge, Pettinain, and Ponfeigh Bridge, Douglas which are both currently closed. It is proposed that investment of £6m will be required to enable the replacement of both of these bridges.

***£6m has been included within financial year 2019/20 of this Capital Strategy for investment in Roads Structures (Clyde Bridge, Pettinain and Ponfeigh Bridge, Douglas Water).***

5.9. Park and Ride Facilities: The Community and Enterprise Resources Committee agreed on 6 March 2018 to issue a draft Park and Ride Strategy for consultation. This was issued on 5 May and lasted for a period of 8 weeks. Following this period of consultation, the finalised strategy has now been prepared.

5.10. There are 19 railway stations within South Lanarkshire, of which 17 have Park and Ride Facilities. The strategy will look to explore the future demands for travel in the area based on potential rail enhancements and projected development growth. It identifies options to address any imbalance between existing supply and future demand through extending / constructing additional spaces. The strategy includes an action plan encompassing a range of potential projects with short / medium and long term timescales and indicative costs totalling between £16.7 million and £20.0

million. A full list of potential projects is included in Appendix 2.

- 5.11. It is anticipated that funding will be sought, in the first instance, from external partners such as Strathclyde Partnership for Transport (SPT), Rail Partners (such as Abellio), and there may be potential for some City Deal funding and developers contributions. In recent years, SPT have awarded the Council approximately £1 million of funding per annum for a number of projects. Actual funding awarded will be based on the individual project meeting SPT's criteria and also the level of funding they have available to distribute. The level of proposed works will only be confirmed when project costs are finalised and the result of funding bids made has been received.
- 5.12. The Park and Ride consultation ended on 30 June 2018 and the Park and Ride Strategy has been updated and presented to Community and Enterprise Resources Committee in October 2018 .

***Potential gross spend of £19.952 million has been included within this Capital Strategy for Park and Ride Facilities. However, it is envisaged that external funding will be sought to offset this.***

## **6. Social Work Facilities**

- 6.1. Replacement Care Facilities: The 2018/19 to 2019/20 Capital Programme includes a budget allocation of £17.6 million for the replacement of Social Work care facilities.
- 6.2. A report was approved by the Social Work Resources Committee on 20 June agreeing the model of care facilities proposed and the starting point for the implementation of phase 1 of the model being within Blantyre / Hamilton. It is estimated that this facility will cost in the region of £7.5 million with the balance of funding available for future phases.
- 6.3. Following phase one, future phases will look at each locality's requirements beyond the core elements, recognising that the asset base and current service configuration in each locality will be different. This will be further developed following consultation and engagement with key stakeholders and the progress and developments of each phase will be presented to Social Work Resources Committee for approval.

***Potential spend across all phases of Care Facility Replacements of £17.6 million is included within this Capital Strategy. Approval for this project and funding package has already been given as part of the 2017/18 to 2019/20 Capital Programme (Council, 16 February 2017).***

- 6.4. Community Family Centre: In addition, Social Work Resources continue to review service needs beyond Older People Services and are currently assessing Children and Families Service requirements to identify future needs. The main priority project identified at this stage is a new Community Family Centre within the Clydesdale area, which would deliver a number of services under one roof with NHS Lanarkshire and Education Resources working in partnership to deliver interventions to vulnerable families in deprived communities. There is no provision in the Clydesdale locality for this currently.

***Initial estimates, based on a similar size of facility, have indicated a potential build cost of £3 million for this facility, which has been included within this Capital Strategy.***

## **7. Education Pressures**

- 7.1. Schools' Growth and Capacities: The Primary School Modernisation Programme is now nearing completion, with the last schools due to complete in late autumn 2019. However, due to actual and predicted pupil numbers related to general population growth and significant new housing development across the Council area, a number of Primary and Secondary Schools are either experiencing capacity pressures now, or are predicted to experience them in the near future.
- 7.2. Accommodation pressures have been identified and a detailed list of the proposals as they currently stand is included in Appendix 3 to this report. It is envisaged that this will be updated regularly through continued monitoring of pupil population and more clearly defined project costs, timescales and funding.
- 7.3. As detailed in Appendix 3, projects with a gross value of £78.709 million have been identified. However, it is envisaged that contributions from developers and City Deal funding totalling £68.709 million will be available to allow a number of these projects to progress. This will result in a shortfall in funding of £10 million.

***Potential spend of £78.709m for Schools' Growth and Capacities Pressures has been included within this Capital Strategy, which has been offset by contributions from developers and City Deal funding totalling £68.709m. This results in a funding shortfall of £10m.***

- 7.4. Early Years – 1,140 Hours including growth and capacities: In addition to the introduction of 1,140 hours places, similar to the school estate, general population growth and significant new housing development across the Council area has resulted in Early Years establishments experiencing capacity pressures now, or are predicted to experience them in the near future. Accommodation pressures have been identified across the Early Years' sector. This is in addition to the Scottish Government commitment to increase entitlement of free early learning and childcare from 600 hours per year to 1,140 hours per year by August 2020.
- 7.5. South Lanarkshire Council submitted a revised Early Years and Childcare Expansion Plan to the Scottish Government in early March 2018, with an estimated capital cost of £32.238 million. On 1 May 2018, the Scottish Government announced the multi-year revenue and capital allocations for each Local Authority in relation to Early Years. For South Lanarkshire Council, capital funding of £19.240 million would be made available for 2017/18 to 2020/21, inclusive of £1.740 million already confirmed for 2017/18. This results in an overall funding shortfall of £12.998m.
- 7.6. In order to continue planning for implementation in August 2020 a report was presented to the Executive Committee on 15 August 2018 detailing a first phase of a capital programme of works that would allow some projects to progress while other options are being finalised. These phase 1 projects have been selected as no other suitable accommodation has been found, and even with the possibility of 'space to grow' there will still be a requirement for such works in order to meet the nursery demand in that area. Spend has been profiled based on the completion dates for this first phase of works, with the shortfall occurring in 2020/21 (£12.928m) and 2021/22 (£0.070m). A detailed list of the proposals is included in Table 1:

**Table 1: Phase 1 Projects – 1,140 Hours**

Type of Work	Area	Nursery
Refurbishment	Larkhall	Larkhall Children's Centre
Refurbishment	Hamilton	St Cuthbert's Primary School
Refurbishment	Hamilton	Woodlands Nursery
New Build	Clydesdale	Carluke area (site adjacent to Crawforddyke Primary School).
New Build	Clydesdale	Kirkmuirhill area (site of old Leisure Dome)
New Build	Rutherglen, Cambuslang and Cathkin	Newton area (site of old St Charles Primary School)

- 7.7. A further report will be presented to the Executive Committee on a phase 2 programme of works. This will consider opportunities to identify additional spaces through Space to Grow as well as the identification of suitable locations.

***Potential spend of £32.238 million has been included within this Capital Strategy for 1,140 Hours, with £19.240 million of Scottish Government grant funding confirmed. This results in a shortfall of £12.998 million which will continue to be reviewed as cost projections are finalised and agreed.***

- 7.8. In relation to requirements of growth and capacities, additional expenditure requirements totalling £5.400 million have been identified. Similar to the position detailed for schools at section 7.3. above, it is envisaged that contributions from developers and City Deal funding totalling £4.800 million will be available to allow a number of these projects to progress. A shortfall in funding of £0.600m still exists.

***Potential spend of £5.400m for Early Years Growth and Capacities Pressures has been included within this Capital Strategy, which has been offset by contributions from developers and City Deal funding totalling £4.800m. This results in a funding shortfall of £0.600m.***

- 7.9. Schools Information Communication Technology (ICT) Development: In the current capital programme, there is a requirement that funding be provided for ICT. As there is an ongoing requirement for this project moving forward, funding is required.

**Potential expected spend of £1.8 million per annum (Total spend £14.4 million) has been included within this Capital Strategy from 2020/21 to 2027/28 to allow the continuation of an existing capital programme.**

## **8. Information Technology**

- 8.1. The 2017/18 to 2019/20 Capital Programme included an allocation of £2.115 million for Information Technology (IT) Infrastructure, Telephony and Productivity. IT have identified a number of areas of investment and these are detailed below:
- 8.2. Business As Usual: Information Technology Services' has confirmed that investment is required post 2019/20 in order to maintain 'business as usual'. It is estimated that an average £0.650 million per annum will be required to cover refresh exercises (servers, networks and storage) as well as data security, resilience and disaster recovery. This includes investment in digital learning as the Learn on Line system reaches the end of its useful life.

- 8.3. ERP (Oracle) Replacement: Oracle E-business suite is the Council's main financial and human resources management system. Information Technology Services' has confirmed what project costs would be if the Council were to move to a new system to replace the current system, which is nearing end-of-life. These have been estimated at £0.500 million during financial year 2021/22. Further consultation with systems users will take place to consider if a replacement system is the preferred option.
- 8.4. Caird Data Centre: Additional capital investment will also need to be considered to facilitate the movement of the Council's server and storage infrastructure from the Caird Data Centre by the end of June 2021. Various options have been considered but the current proposal is to migrate to an external 'hybrid cloud' hosting service which will comprise traditional racked servers and storage facilities, along with virtual servers and 'cloud' services.
- 8.5. It is estimated that capital investment of £2.469 million will be required in financial year 2020/21. This is broken down as follows:
- £0.780 million to refresh / upgrade storage and networks (this is required even if there is no migration from Caird Data Centre);
  - £0.300 million to upgrade and refurbish the existing computer rooms at Almada Street and Civic Centre;
  - £1.389 million transitional costs associated with the move.
- 8.6. It is envisaged that a receipt of £0.400 million (net of site clearance / demolition costs) could be achieved in 2021/22 for the Caird building. This capital receipt for the Caird Centre, as well as the wider Caird site, is dependent on the outcome of the University of Scotland (UWS) Masterplan strategy. This is discussed further in section 9 of this Strategy.
- 8.7. Digital Transformation: A number of other projects have been identified which would form part of the Council's Digital Transformation. This could include a second phase of EDRMS (£0.100m), which would extend the existing provision across all resources in the Council. Investment in digital connectivity such as full Council and public wi-fi provision, fibre rollout, digital inclusion with community centres / social housing has also been identified. This project could form part of a larger project involving Regeneration Services, with links to Glasgow City Region City Deal.
- 8.8. Further investment is also required in data infrastructure to support joining up of systems ( including Customer Relationship Management (CRM), Master Data Management (MDM), customer portal and integration tools) as well as tools which can help increase productivity. Investment is also required to develop the existing Council website to provide additional functionality. This will enable the Council to progress its digital ambitions as described in the Council's Digital Strategy. Early indications suggest £1.525m per annum will be necessary but costs in relation to digital connectivity within this figure (£1m) have still to be refined. A further £1.6m has been included beyond 2022/23 to progress wi-fi provision in all Council properties. Again, these costs are early indications and will need to be refined.
- 8.9. Further reports to be submitted to Committee requesting approval to proceed with each of the individual programmes associated with Digital transformation.
- 8.10. Within the Information Technology field generally, there is a movement away from traditional capital investment (purchasing licences, hardware etc) to the ongoing

revenue costs associated with utilising the 'cloud' for both application services and storage. The additional capital investment costs identified above may therefore evolve as technologies and service provision models change. As a result, estimated investment requirements have been included for 3 years from 2020/21 to 2022/23 but further investment may be required in the years beyond this.

- 8.11. Table 2 below summarises the costs identified in section 8.1. to 8.10. above. Further detail is provided in Appendix 4.

**Table 2: Information Technology Requirements**

	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>Beyond 2022/23 £m</b>	<b>Total £m</b>
Business As Usual	0.600	0.700	0.650	-	1.950
Oracle Refresh/ Replacement	-	0.500	-	-	0.500
Caird Datacentre Migration	2.469	-	-	-	2.469
Digital Transformation	1.500	1.525	1.525	1.600	6.150
<b>Total</b>	<b>4.569</b>	<b>2.725</b>	<b>2.175</b>	<b>1.600</b>	<b>11.069</b>

***Predicted spend of £11.069m has been included within this capital strategy for investment in Information Technology.***

## **9. Former University of West of Scotland Site Masterplan**

- 9.1. The University of West of Scotland (UWS) moved from its original location to a new campus within Hamilton International Technology Park (September 2018). A Joint Venture (JV) has been established between the Council and UWS to oversee the development of the former UWS site and the surrounding area.

- 9.2. The proposed masterplan development includes options to demolish, relocate and potentially purchase properties in the surrounding area, to allow the larger site to be presented to the market. The proposal will continue to be developed as the outcomes of negotiations becomes clear and thereafter, this will be the subject of a separate report to the Council's Executive Committee. At this stage, no account of any investment requirements or capital receipt generation has been included in the Capital Strategy at this time.

## **10. Housing**

- 10.1. The Capital programme forms part of the Housing Business Plan and is informed by the Housing Asset Management Plan strategy which sets out the priorities for the physical care and improvement of the housing stock and related assets. The plan details the priorities for the current housing portfolio which extends to approximately 25,000 homes. Since the start of the asset management reporting in 2005, the stock of council houses has continued to fall, due to the "Right to Buy" policy, which ended in Scotland in 2016. However, the Council has recently implemented a programme of off market acquisitions and new build housing to increase the number of homes available.
- 10.2. All Council housing must be maintained to the Scottish Housing Quality Standard (SHQS) and comply with all legislative requirements regarding health and safety compliance. The Scottish Government published a new Sustainable Housing



Strategy in 2013 which set out a further target for improving the condition of social rented housing, the Energy Efficiency Standard for Social Housing (EESSH). This set a minimum energy efficiency rating for all social rented homes to achieve by December 2020. Achieving the EESSH 2020 target, also contributes toward the Sustainable Development Strategy (SDS), sustainability and Climate Change goals.

- 10.3. Appendix 5 attached is a 5 year extract from the business plan and reflects the 2017/18 carry forward position. A programme of works totalling £243 million is planned with the vast majority of this expenditure focused on providing new housing stock (£122m), the completion of external fabric works (£50m) and the installation of new heating systems (£35m).
- 10.4. This £243 million programme is fully funded through revenue contributions (£114m), borrowing (£81m); specific grant (£46m) and receipts (£2m).
- 10.5. Private Housing Scheme of Assistance (PHSA): Housing provide mandatory grants to encourage owner occupiers to participate in the Housing Investment Programme and the Care & Repair Service. £1 million per annum from 2020/21 to 2027/28 has been allocated to enable this to continue.
- 10.6. Planned Asset Management: Funding of £4.8 million per annum is required to ensure continued delivery of the Planned Asset Management model. This model aims to maintain all of the Council's new build General Services facilities (constructed since 2000), in a good condition and to a compliant standard. £4.8 million per year from 2020/21 to 2027/28 has been allocated to enable this to continue.
- 10.7. Prioritised Urgent Investment (PUI): The continuation of the previous model would mean an allocation of £1.7m per annum to meet urgent essential works needed on all Council properties. The annual value of the Prioritised Urgent Investment Fund has been static for 6 years with the assets in a declining position, therefore future requirements will need to be considered.

***Potential expected spend of £7.5 million per annum (total spend £60 million) has been included within this Capital Strategy from 2020/21 to 2027/28 to allow the continuation of these existing capital programmes, detailed in sections 10.5 – 10.7 above.***

- 10.8. Lifecycle Replacement – Schools: Whilst a planned asset management budget is in place (see section 10.6. above) this does not include the cost of replacing major elements that will lifetime expire for example boilers, windows and roofs. Given that the first school completed under the Primary School Modernisation Programme opened during financial year 2004/05, a programme of replacement for these major elements of infrastructure will need to commence during the next capital programme.
- 10.9. Work is currently ongoing by Housing and Technical Resources to assess the likely cost of life expired elements. This initial assessment of investment requirements is expected to complete by the end of financial year 2018/19. However, Housing and Technical Resources have advised that it would be prudent to allow an initial sum of £0.750 million each year, after the end of the current capital programme in 2019/20, to establish a programme of replacements. This has been increased to £1.250m from 2023/24 and then to £1.750m from 2026/27 to reflect the likely increase in expenditure requirements as the schools become progressively older. A review of

funding requirements will need to be undertaken once a programme of works has been fully developed.

***Potential spend of £0.750 million per annum increasing to £1.250m in 2023/24 and to £1.750m in 2026/27 (total spend of £9.5 million) has been included for Lifecycle Replacement – Schools within this Capital Strategy from 2020/21 to 2027/28.***

## **11. Other Capital Projects Requiring Funding**

- 11.1. **It is anticipated that the items listed in sections 3 – 10 of this report will form the basis of future Capital Programmes.** However, the items should not be regarded as a definitive list of all future requirements, rather they are the main areas identified requiring significant capital investment in future years which are covered within the years of this Capital Strategy. In addition to these items, there are a number of other Council assets where capital investment will be required. These are covered in the sections below.
- 11.2. Cemeteries, Pitches and Infrastructure: In recent years, a requirement for capital investment has also been identified in other areas, for example land and cemeteries, infrastructure and pitches. This requirement continues into future years with ongoing capacity issues at a number of cemeteries, as well as investment requirements identified for headstones and infrastructure. In addition, infrastructure within some parks and car parks has also been highlighted as being in poor condition. A number of grass and synthetic pitches have also been recognised as showing further decline and in need of additional funding.
- 11.3. A £1 million investment was provided for these projects in the last three year Capital Programme covering 2017/18 - 2019/20. Maintaining this level of funding for these projects alone, over the next 10 year period (three capital programmes) would require an additional investment of £6 million, which equates to an average of £0.750 million per annum over the 8 year period 2020/21 – 2027/28.

***Potential spend of £0.750 million per annum (Total spend of £6m) has been included within this Capital Strategy for Cemeteries, Pitches, and Infrastructure.***

- 11.4. Play Parks: Information on the condition of South Lanarkshire's play parks has identified ongoing investment requirements. It is considered that investment of £0.175m per annum is required to ensure that existing play provision remains in a suitable condition. This investment, totalling £1.4m, would allow two play parks per geographical area (eight in total) to be replaced over financial years 2020/21 to 2027/28.

***Investment of £0.175m per annum (£1.4m in total) has been included within this Capital Strategy for play parks.***

- 11.5. Country Parks: Significant investment has also been identified at the Council's two main country parks – Calderglen Country Park, East Kilbride and Chateherault Country Park, Hamilton.
- 11.6. Within Calderglen Country Park, investment requirements totalling £1.8m have been identified in the following areas: Replacement of the roof at Torrance House (£1m), resurfacing of car parks and roads within the park (£0.300m), replacement of gabion

baskets and bridge supports at Horseshoe Bridge (£0.200m) and stabilising the path network throughout the park (£0.300m). This would augment the improvement work already undertaken to stabilise turtle rock.

- 11.7. Chatelherault Country Park has had some investment in recent years but it is estimated that a further £0.400m would be required to continue a programme of upgrading works.
- 11.8. The roof at Torrance House and gabion baskets at Horseshoe Bridge, both within Calderglen, have been identified as the highest priority projects and £0.800m has been included in 2020/21 to commence these works. Thereafter £0.200m per annum has been included which would allow the prioritisation of the other capital works identified.

***£2.200m has been included within this Capital Strategy for investment in Country Parks at Calderglen and Chatelherault.***

- 11.9. Allotments: Part 9 of the Community Empowerment Act places a requirement on each Local Authority to ensure that waiting lists for allotments do not exceed 50% of the available plots. The legislation also sets out a maximum travel distance for allotment plots, which must be complied with.
- 11.10. A review of the Council's existing waiting list has been undertaken and it is envisaged that a minimum of two further allotment sites will be required within South Lanarkshire to comply with this legislation. It is estimated that each site would cost in the region of £0.250m to purchase and develop the required infrastructure.

***£0.500m has been included within this Capital Strategy as a potential requirement for investment in Allotments.***

- 11.11. Lanark Library, Lindsay Institute, Lanark: Lanark library has been located within the leased Lindsay Institute building in Hope Street, Lanark since 1975. Survey work has been undertaken and investment requirements have been identified on a number of areas within the building.
- 11.12. Investment of £0.175m is required to upgrade the windows and doors, including improved access to the facility. Further investigatory work, including a full survey of the roof, will be undertaken. However, estimated costs of improving the roof and roof lighting are currently in the region of £0.325m.

***£0.250m per annum has been included within financial years 2020/21 and 2021/22 (£0.500m in total) of this Capital Strategy for investment in Lanark Library.***

- 11.13. Fleet Vehicles and Equipment: The current approach to managing the Council's Fleet is through leasing arrangements. Expenditure on leasing is managed through the Resources' revenue budgets as required. Consideration has been given to an investment of capital spend, however, given the benefits of leasing in terms of risks and rewards, it is deemed that the status quo be maintained.
- 11.14. Through the ongoing Fleet Review, a Strategy is being developed which will include details of how we will look to transition towards a de-carbonised fleet, and the timescales for doing so.

- 11.15. Fleet Depot (Clydesdale): In recent years, a requirement for capital investment in a new Fleet Depot in the Clydesdale area has been identified. Phase 3 of the Fleet Review (April 2017) recommended that the present Lanark Vehicle Workshop should be replaced by a larger modern facility strategically located within Clydesdale capable of servicing heavy tippers, RCVs and other HGVs.

***Investment in a new Fleet Depot in the Clydesdale area has been identified as a potential requirement within this Capital Strategy. This is part of the current Fleet review and the outcome of that work will inform more detailed expenditure requirements moving forward.***

- 11.16. Carnwath & Lesmahagow Depots: Both Carnwath and Lesmahagow Roads Depots have required investment in recent years to remediate leaking roofs and external wall issues. These ongoing issues have highlighted that the Portakabin buildings are coming to the end of their serviceable life and future capital investment may be required to replace these dilapidated buildings.

***Investment in new buildings within the Carnwath and Lesmahagow Roads Depots has been identified as a potential requirement within this Capital Strategy. Work is ongoing with Housing and Technical Resource, which will inform more detailed expenditure requirements moving forward.***

- 11.17. The Council will continue to be aware of requirements for capital investment and any further requirements may be considered as part of updated strategies and capital programmes

- 11.18. **Summary Requirements**: The full list of investment requirements, together with any specific funding identified for these projects/programmes, is summarised in Table 3 below. The timeframe for spend and funding for these projects/programmes is detailed in Appendix 6.

**Table 3: Summary of Ongoing/New Requirements**

<b>Expenditure Area</b>	<b>Section</b>	<b>Potential Cost</b>	<b>Comments</b>
Leisure Centres	3	£30.000m	-
Community Halls	4	tbc	-
Roads – Carriageway Investment	5.1 – 5.4	£79.2m (Additional £4m in 2019/20 plus £9.4m per annum for 8 years)	-
Roads – Other Infrastructure (Footways and Footpaths, Traffic Signals and Vehicle Restraint Systems)	5.5 – 5.6	£21.6m (£2.4m per annum for 9 years, commencing 2019/20).	-
Roads – Structures	5.8	£6.000m (£3m each for Clyde Bridge and Ponfeigh Bridge)	-

Park and Ride Facilities	5.9 – 5.12	£19.952m	External funding to be sought from SPT and Abellio.
Replacement Care Facilities	6.1 - 6.3	£17.600m	£17.6m capital budget already approved.
Community Family Centre	6.4	£3.000m	-
Schools - Growth and Capacities	7.1 – 7.3	£78.709m	Contributions from City Deal and developers estimated at £68.709m.
Early Years – 1,140 Hours	7.4 – 7.7	£32.238m	£19.240m Government Grant
Early Years – Growth and Capacities	7.8	£5.400m	Contributions from City Deal and developers estimated at £4.800m.
Schools Information Communication Technology (ICT)	7.9	£14.400m	-
Information Technology	8	£11.069m	-
UWS Masterplan	9	tbc	-
Private Housing Scheme of Assistance (PHSA)	10.5	£8.000m	
Planned Asset Management	10.6	£38.400m	
Prioritised Urgent Investment	10.7	£13.600m	
Lifecycle Replacement – Schools	10.8 – 10.9	£9.500m	
Cemeteries, Pitches and Infrastructure	11.2 – 11.3	£6.000m	-
Play Parks	11.4	£1.400m	
Country Parks	11.5 – 11.8	£2.200m	
Allotments	11.9 – 11.10	£0.500m	
Lanark Library, Lindsay Institute	11.11 – 11.2	£0.500m	
Fleet Depot	11.15	tbc	
Carnwath & Lesmahagow Depots	11.16	tbc	
<b>Total</b>		<b>£399.268m</b>	

## 12. Potential Sources of Funding

- 12.1. General Capital Grant: The Scottish Government has provided councils with a grant settlement for financial year 2018/19 only. The in-year General Capital Grant allocation for 2018/19 is £27.607 million.
- 12.2. To plan for a capital programme beyond 2019/20, a prudent assumption has been made that the Council will receive Capital Grant to the approximate level of the 2018/19 in-year award - £28 million. The Executive Committee (11 May 2016) agreed that a proportion of this, assumed at £2.4 million in 2020/21, will be used to contribute towards the Glasgow and Clyde Valley City Deal Programme as the Council is required to meet 14% of the estimated costs. This would leave £25.6 million in 2020/21 and £28 million per annum thereafter.

- 12.3. Any grant awarded over this assumed level will be available to offset borrowing or to invest in other capital works.
- 12.4. Capital Receipts: The 2017/18 to 2019/20 Capital Programme assumes capital receipts of £1.5 million per annum. In addition, capital receipts have been used to replenish reserves which were part of the Revenue Budget Strategy and contributed towards reducing the savings required over a 3 year period (2017/2018 to 2019/2020).
- 12.5. Whilst the number of receipts transactions anticipated is expected to increase, the value generated by these receipts is reducing as there are no high value receipts identified. The Property Manager (Assets and Estates Service) has advised that the target of £1 million per annum is realistic and achievable and will continue to be monitored.
- 12.6. Borrowing: The Council can borrow to meet the costs of capital expenditure. Currently the Primary Schools Modernisation Programme, Roads Investment Plan and the LED element of the Street Lighting Improvement Programme are primarily funded by borrowing.
- 12.7. The amount of borrowing within the approved capital programme will increase the level of the Council's debt. Increases in the Council's total debt caused by borrowing to fund capital spend will also be offset by the repayment of maturing debt. The Financial Strategy details the level of external debt held by the Council at the end of 2017/2018 as £904 million. By the end of 2019/20 the expected level of debt is expected to be £1,114 million and this is expected to increase to £1,321.385m by the end of financial year 2020/21.
- 12.8. As part of the arrangements for the Glasgow City Region City Deal, councils will borrow to manage anticipated timing differences between spend incurred and the receipt of the City Deal Capital Grant. This borrowing is temporary only and the Council is only liable for the interest costs, with the principal repayments being paid in full when the City Deal Capital Grant is received. An estimate of the interest costs has been built into the long term Revenue Budget Strategy. Borrowing £1m would mean an annual interest cost of £0.049m (assuming a payback period of 40 years).
- 12.9. Other Sources of Capital Funding: Other sources of capital funding will continue to be explored for specific projects. These will include Strathclyde Passenger Transport (SPT) funding and Scottish Government Grant for new build housing.

### **13. Summary of Investment Priorities / Funding**

- 13.1. As noted throughout the report, work continues on a number of areas to establish future capital investment requirements. These will be used to inform future capital programmes.
- 13.2. The main areas of investment identified are within Leisure Centres and Community Halls, Roads including Park and Ride Facilities, Replacement Care Facilities and a Community Family Centre, Education including early years, Information Technology, University of Scotland Masterplan Development and Housing.
- 13.3. As detailed in Table 3 (Section 11), these are not the only areas which will require Capital Investment. Expenditure will also be necessary in other areas of Council

Services and to support ongoing programmes of work such as Schools Information Communication Technology, Private Housing Scheme of Assistance, Planned Asset Management, Prioritised Urgent Investment and ongoing investment in cemeteries, pitches and infrastructure.

- 13.4. Other areas have been prioritised as requiring investment and these include an extension to the current lifecycle maintenance programme to include the requirement for schools, infrastructure works in country parks, play parks, allotments and improvements at Lanark Library along with potential investment required within the Fleet and Roads Depots.
- 13.5. Based on estimates for General Capital Grant (£25.6m in 2020/21, £28m 2021/22 and beyond) and Capital Receipts (£1m) per year, potential funding for any future Capital Programme totals £26.6 million in 2020/21 and £29 million per annum thereafter.

**Table 4: Funding Summary**

	<b>Total Funding Available</b>
General Capital Grant	£221.600m
Capital Receipts	£8.000m
Scottish Government Early Years 1140hrs	£19.240m
City Deal / Developers Contributions	£73.509m
Existing funding identified for replacement care facilities	£17.600m
<b>Total</b>	<b>£339.949m</b>

#### **14. Potential Capital Programme and Funding Profile**

- 14.1. Based on the information summarised in Tables 3 and 4, an estimate of potential capital investment and funding package has been compiled. This is based on best information and can only be refined when the ongoing works on each of the projects/programmes is complete.
- 14.2. Appendix 6 shows what a capital investment for the next 10 years to 2027/2028 could look like, taking account of the ongoing projects which could require funding.
- 14.3. Appendix 6 shows a potential funding shortfall of £59.319 million over the 10 year period of this strategy. £12.400 million of this is anticipated to occur in financial year 2019/20 and relates to the additional funding requirement for Roads (inc. Other Infrastructure) of £6.4m and Roads Structures of £6m. In addition, £12.998 million of the overall funding shortfall relates to Early Years 1,140 Hours, of which £12.928 million falls into 2020/21 and £0.070m in 2021/22.
- 14.4. As noted in section 7, work is ongoing to align spend to the funding awarded for the Early Years 1,140 hours programme of works. The potential funding shortfall, excluding the Early Years element, is £46.321 million. This excludes any other capital bid that may be presented during the term of this strategy.
- 14.5. It is anticipated that this shortfall could be reduced through external funding applications to partner organisations, such as SPT and Abellio Rail. Should the

Council agree that the level of expenditure detailed in this report is required, then the Council could consider borrowing to bridge the gap.

14.6. As noted in 14.3., additional investment of £12.4m has been proposed for Roads in 2019/20. If agreed, this additional investment could be managed in the first instance through an increased Capital Grant settlement. A prudent estimate of General Capital Grant (£24m) has been included in the funding package for 2019/20. Any award over and above this figure could be used to fund the additional investment identified. A Local Government Finance Circular is anticipated in mid December which will detail the award for 2019/20. Should this be insufficient, borrowing would be used to fund the gap.

14.7 Should the Council agree that the level of expenditure detailed in this report is required, then the Council could consider borrowing to bridge the gap. On the basis of borrowing the full shortfall of £59.319 million, the annual impact on loan charges would range from £0.500 million to £3.6 million across the years of the Strategy. This can be accommodated in the Council's loan charges budget in the short term, and over the next 10 years an increase of budget into the loans fund budget will be required of around £0.8 million in 2024/25.

## **15. Risk Appetite**

15.1. The Prudential Code requires the Council to identify the risk and consequently the long-term implications of investing in our assets. The requirement is to highlight the operational service delivery risks and the financial consequences of not investing.

15.2. As part of the process to set out the Council's Capital Strategy, these requirements have been taken into account on the basis that the Strategy itself details the operational needs of the main service delivery areas over the 10 year time period.

15.3. The Capital Strategy has been informed by the Council's Asset Plans, developed for a number of key areas (and summarised under an overarching Corporate Asset Management Plan) which demonstrates how each area supports corporate objectives. The challenge is to retain those assets which are suitable for service delivery and support the Council's strategic objectives. The Asset Management Plans informs on creating an efficient, fit-for-purpose and sustainable core estate that delivers best value in terms of investment, running costs and environmental impact.

15.4. The Council has a responsibility to ensure members are aware and understand the long-term context in which investment decisions are made and all the financial risks to which the authority is exposed. Sections 16 and 17 of this report detail the long term liabilities of the Council as well as the Treasury Management arrangements.

## **16. Other Long Term Liabilities**

16.1. The Council has two long term contractual arrangements in place, that date back several years – the Secondary Schools Modernisation Programme which commenced in June 2006 for the provision of 17 new Secondary Schools as well as a major refurbishment of two Secondary Schools, and also a Design, Build, Finance and Operate Contract for the Glasgow Southern Orbital and M77 Extension. The Long Term Liabilities for these arrangements are included in the Council's Annual Accounts, and the repayments are part of the Council's Annual Revenue Budget. There are no proposals in this Strategy to increase or ass to these arrangements.

16.2. Any plans to embark on further long term financial arrangements would require the



necessary due diligence afforded to a contract of any significant nature and length.

## **17. Treasury Management**

- 17.1. The Prudential Code requires that the Council's Capital Strategy be aligned with the Treasury Management Strategy which is approved by the Executive Committee annually as part of the budget setting process.
- 17.2. The capital programme determines the borrowing need of the Council, essentially the longer term cash flow planning, to ensure the Council can manage its capital spending obligations.
- 17.3. As detailed in section 12.7, it is forecast that the Council's debt will be £1,321.385m by the end of 2020/21. This includes the liability of £193.793m for the Secondary Schools and finance leases (which we report under International Financial Reporting Standards). It should be noted that while these liabilities are to be classed as external debt, there is no requirement to borrow these amounts. There is no impact on borrowing costs and therefore no impact on revenue budgets.
- 17.4. We are also required to comment on the councils need to borrow compared to the actual level of debt. The Council's Capital Financing Requirement (CFR) reflects the Council's requirement to borrow for past and present capital expenditure.
- 17.5. If you compare the Council's borrowing requirement (CFR) at the end of 2017/18 (£1,254 million) to the Council gross debt at the end of 2017/18 (being £1,120 million), it shows that the amount actually borrowed is lower than the need to borrow. This is because the Council has used existing cash balances and the benefits of early cash inflows, instead of having to borrow. In effect, the Council has 'under-borrowed'.
- 17.6. While the Council was under-borrowed at the end of 2017/18, for the purposes of forecasting, it is assumed that the Council will borrow each year up to the level needed (ie its CFR). The financial impact from treasury activity and borrowing for capital expenditure has been built into the long term revenue budget strategy
- 17.7. The Council has to set authorised and operational limits for borrowing are part of its Treasury Management Strategy. The Council's estimated Authorised Borrowing limit for debt for 2018/19 of £1.190m and £1.210m for 2019/20 represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council.
- 17.8. The Council's estimated Operational Limit for debt for 2018/19 is £1.170m and £1.190m for 2019/20. This represents the limit beyond which external debt is not normally expected to exceed.
- 17.9. The Council makes provision for the repayment of debt over the life of the asset that the borrowing is funding. Over the period 2018/19 to 2020/21 the Council has made provision of £236.921m for the repayment of debt.

## **18. Governance Framework**

- 18.1. It is important that the appropriate Governance framework be in place when considering capital investment. In order to mitigate some of these risks, the following processes are in place in terms of the Capital Programme and Treasury Management:

18.2. Capital Programme Governance:

- The overall 3 Year Capital Programme be subject to approval by the Executive Committee or Council. This will be presented following a bid exercise. Resources will be asked to submit projects for consideration and these will be prioritised in line with the Council priorities and links to Asset Management Plans.
- Any changes to the programme will be agreed by the Executive Committee;
- A senior officer group exists (Capital Steering Group) which is chaired by the Head of Finance (Strategy) and Head of Property Services. The group monitors the delivery of the capital programme on an ongoing basis. The group reports to the Executive Director (Finance and Corporate Resources) on a monthly basis
- The annual capital programme is monitored by elected members through the Financial Resources Scrutiny Forum.
- The Capital Programme is subject to Internal and External Audit Review.

18.3. Treasury Management Governance: The Council's treasury activities are regulated by the Local Government (Scotland) Acts 1975 and 2003, and a professional code of practice (the CIPFA Treasury Management in Public Services Code of Practice – revised December 2017). It is a requirement of this Code, and the financial regulations of South Lanarkshire Council that a Treasury Management Strategy is approved by Committee every year. A key requirement of this strategy is to explain both the risks and the management of these risks associated with the treasury function.

18.4. The Council employs Link Asset Services as its Treasury Management Advisors.

18.5. Treasury Management is also subject to Internal and External Audit review.

**19. Knowledge and Skills**

19.1. The Capital Programme and Treasury Management Strategy are managed by a team of professionally qualified accountants with extensive Local Government finance experience between them. They all follow a continuous Professional Development Plan (CPD) and attend courses on an ongoing basis to keep abreast of new development and skills. The Council's Section 95 Officer is the officer with overall responsibility for Capital and Treasury activities. He too is professionally qualified accountant and follows an ongoing CPD Programme.

19.2. Council assets are managed by a team of professionals in Housing and Technical Resources. Again, they have extensive experience in asset management and are professionally qualified with development processes in place.

19.3. Members of the Council are trained in Local Government Finance. This training takes account of all aspects of the Capital Strategy including establishing and monitoring capital projects as well as understanding the impact of capital investment on the ongoing budgets of the Council in terms of revenue budget consequences and debt levels.

<b>Revised General Service Capital Programme 2018/2019 to 2019/2020 (Section 2.1)</b>			
	<b>2018/2019</b>	<b>2019/2020</b>	<b>Total</b>
<b>Community and Enterprise Resources</b>			
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
<b>Total Community and Enterprise Resources</b>	<b>43.165</b>	<b>26.006</b>	<b>69.171</b>
<b>Education Resources</b>			
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
<b>Total Education Resources</b>	<b>15.338</b>	<b>5.457</b>	<b>20.795</b>
<b>Finance and Corporate Resources</b>			
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
<b>Total Finance and Corporate Resources</b>	<b>0.818</b>	<b>0.534</b>	<b>1.352</b>

<b>Contd.</b>	<b>2018/2019</b>	<b>2019/2020</b>	<b>Total</b>
<b>Housing and Technical Resources</b>			
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
<b>Total Housing and Technical Resources</b>	<b>8.873</b>	<b>8.987</b>	<b>17.860</b>
<b>Social Work Resources</b>			
Social Work Residential Facilities	5.000	12.300	17.300
<b>Total Social Work Resources</b>	<b>5.000</b>	<b>12.300</b>	<b>17.300</b>
<b>Total General Services Capital Programme 2018/2019 to 2019/2020</b>	<b>73.194</b>	<b>53.284</b>	<b>126.478</b>

**Future Capital Investment Strategy – Potential Park and Ride Projects (Section 5.19 – 5.12)**

						Estimated Cost	
	Station Name	Priority Status	Estimated Timeframe	Potential Project Description	Spaces Created	Low Estimate (£m)	High Estimate (£m)
1	Hairmyres	High	Short Term	Reconfiguration and extension of existing car park.	11	0.040	0.050
		High	Medium Term	Construction of a new surface car park with access road.	109	0.340	0.420
		High	Long Term	Develop decked car park.	127	1.080	1.350
		High	Long Term	Decked extension of existing Scotrail car park.	48	0.540	0.670
2	Uddingston	High	Short Term	Reconfiguration of existing Scotrail Car Park.	91	0.630	0.770
		High	Long Term	Extension of existing car park towards	44	0.250	0.300
3	Newton	High	Short Term	Extension of existing car park	134	0.430	0.540
		High	Long Term	Construction of a new surface car park part of CGA	120	0.360	0.450
4	Hamilton West	High	Short Term	Reconfiguration and extension of existing station car park.	17	0.020	0.030
		High	Long Term	Decked extension at Peacock Way car park.	50	0.500	0.642
5	Rutherglen	High	Short Term	Reconfiguration of existing car park	4	0.020	0.030
		High	Long Term	Construction of a new surface car park with new access bridge	200	5.900	6.500
		High	Medium Term	Promote alternative facilities	n/a	-	-
6	Hamilton Central	High	Short Term	Further marketing / promotion required	n/a	-	-
7	Cambuslang	High	Short Term	Construction of a new surface car park at Bridge Street.	152	0.460	0.500
		High	Short Term	Improve the signage for existing Park and Ride to increase use.	n/a	-	0.010
8	Blantyre	Medium	Short Term	Reconfiguration and extension of existing car park.	12	0.070	0.080
9	Lanark	Medium	Short Term	Construction of a new surface car park.	46	0.140	0.170
		Medium	Short Term	Construction of a new surface car park	53	0.150	0.180
10	Merryton	Medium	Short Term	Reconfiguration and extension of existing car park.	12	0.070	0.080
		Medium	Long Term	Construction of a new surface car park (subject to CGA).	179	0.530	0.660

						Estimated Cost	
	Station Name	Priority Status	Estimated Timeframe	Potential Project Description	Spaces Created	Low Estimate (£m)	High Estimate (£m)
	Merryton (contd.	Medium	Short Term	Promote alternative facilities.	n/a	-	-
11	East Kilbride	Medium	Short Term	Reconfiguration and extension of existing car park.	23	0.060	0.080
		Medium	Medium Term	Decked extension of existing car park.	154	1.270	1.590
12	Larkhall	Low	Short Term	At grade extension of existing car park.	86	0.470	0.590
		Low	Medium Term	Decked extension of existing car park.	95	0.740	0.920
13	Carluke	Low	Long Term	At grade extension of existing car park.	202	0.570	0.710
		Low	Long Term	Decked extension of existing car park (south station).	125	1.270	1.590
14	Carstairs	Low	Short Term	At grade extension of existing car park (phase 2).	23	0.080	0.100
		Low	Short Term	At grade extension of existing car park (phase 3).	30	0.100	0.130
		Low	Short Term	Construction of a new surface car park.	27	0.070	0.090
15	Chatelherault	Low	Medium Term	Reconfiguration and extension of existing car park.	34	0.260	0.320
		Low	Long Term	Construction of a new surface car park.	69	0.320	0.400
16	Thortonhall	No	Short Term	Promote alternative facilities, if supply allows.	n/a	-	-
17	Burnside	No	Medium Term	Promote alternative facilities, if supply allows.	n/a	-	-
18	Croftfoot	No	Medium Term	Promote alternative facilities, if supply allows.	n/a	-	-
19	Kirkhill	No	Medium Term	Promote alternative facilities, if supply allows.	n/a	-	-
				<b>Total</b>		<b>16.740</b>	<b>19.952</b>

**EDUCATION: GROWTH AND CAPACITIES (Section 7.1 – 7.3)****Project Name****Immediate Capacity Issues (2018/19)**

Woodhead Primary School Extension	4.000	-	4.000	4.000	-
New Jackton Primary School – Phase 1	9.600	-	9.600	9.600	-
Trinity High School Science Lab Conversion	0.115	0.115	-	0.115	-
<b>Total Immediate Capacity Issues</b>	<b>13.715</b>	<b>0.115</b>	<b>13.600</b>	<b>13.715</b>	<b>-</b>

**Short Term Capacity Issues (2019/20)**

Castlefield Primary School Extension	2.000	2.000	-	2.000	-
St Mark's Primary School Extension	2.000	2.000	-	2.000	-
Future smaller scale adaptations to Primary Schools	0.200	0.200	-	0.200	-
Uddingston Grammar School Adaptations	0.300	0.300	-	0.300	-
Cathkin & Trinity Learning Community	2.600	2.600	-	2.600	-
Calderside Academy – Phase 1	5.500	0.500	5.000	5.500	-
<b>Total Short Term Capacity Issues</b>	<b>12.600</b>	<b>7.600</b>	<b>5.000</b>	<b>12.600</b>	<b>-</b>

**Medium Term Capacity Issues (2020/21 - 2021/22)**

Holy Cross High School	11.300	3.300	8.000	11.300	-
Hamilton Grammar Capacity Pressures	0.600	-	-	-	(0.600)
Glengowan Primary School Extension	4.700	3.100	1.600	4.700	-
Future smaller scale adaptations to Primary Schools	0.200	-	-	-	(0.200)
Strathaven Academy Capacity	0.500	0.500	-	0.500	-
St Andrew's / St Bride's Adaptations	0.600	0.600	-	0.600	-
Duncanrig adaptations	0.600	0.600	-	0.600	-
ASN Expansion	1.500	-	-	-	(1.500)
<b>Total Medium Term Capacity Issues</b>	<b>20.000</b>	<b>8.100</b>	<b>9.600</b>	<b>17.700</b>	<b>(2.300)</b>

**Longer Term Capacity Issues (2022/23 and Beyond)**

New Jackton Primary School - Phase 2	7.800	7.800	-	7.800	-
Denominational School Extension, East Kilbride	3.220	3.220	-	3.220	-
Future smaller scale adaptations to Primary Schools	0.600	-	-	-	(0.600)
Larkhall Academy	6.700	6.700	-	6.700	-
Calderside Academy - Phase 2	5.500	5.500	-	5.500	-
Calderglen High School Improvements	0.596	0.596	-	0.596	-
St Andrew's / St Bride's Adaptations	0.878	0.031	0.847	0.878	-
Holy Cross Adaptations	7.100	-	-	-	(7.100)
<b>Total Longer Term Capacity Issues</b>	<b>32.394</b>	<b>23.847</b>	<b>0.847</b>	<b>24.694</b>	<b>(7.700)</b>

**TOTAL GROWTH AND CAPACITIES ISSUES**

<b>78.709</b>	<b>39.662</b>	<b>29.047</b>	<b>68.709</b>	<b>(10.000)</b>
---------------	---------------	---------------	---------------	-----------------



**INFORMATION TECHNOLOGY INFRASTRUCTURE REQUIREMENTS (Section 8)**

<b>Project Name</b>	<b>Project Description</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>Beyond 2022/23 £m</b>	<b>Total £m</b>
<b>Business As Usual</b>						
IT Infrastructure Refresh	Update / replace servers, networks and storage.	0.500	0.500	0.500	-	1.500
Application Refresh (FCR) and licences	Update applications	0.050	0.050	0.050	-	0.150
Digital Learning	Replacement to Learn on Line, which will have come to the end of its useful life.	-	0.050	-	-	0.050
Data security / audit / GDPR compliance	Compliance	-	0.050	0.050	-	0.100
Resilience / disaster recovery		0.050	0.050	0.050	-	0.150
<b>Total Business As Usual</b>		<b>0.600</b>	<b>0.700</b>	<b>0.650</b>	<b>-</b>	<b>1.950</b>
<b>CaIRD Data Centre</b>	Migration of Council's server and storage infrastructure from the CaIRD Data Centre.	<b>2.469</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.469</b>
<b>Oracle Replacement</b>	Migration and transformation if the Council were to move to a new system for the replacement of Oracle.	<b>-</b>	<b>0.500</b>	<b>-</b>	<b>-</b>	<b>0.500</b>
<b>Digital Transformation</b>						
EDRMS	A second phase of implementation.	0.050	0.025	0.025	-	0.100
New website /CRM / MDM /customer portal / integration tools		0.300	0.350	0.350	-	1.000
Productivity tools	Costs associated with increasing productivity and the working from home agenda.	0.050	0.050	0.050	-	0.150
Digital connectivity - Council wi-fi provision	Increase wi-fi provision in Council facilities.	0.100	0.100	0.100	1.600	1.900
Digital connectivity - fibre rollout, public wi-fi, digital inclusion	Increase wi-fi provision within Council area in line with Government priorities.	1.000	1.000	1.000	-	3.000
<b>Total Digital Transformation</b>		<b>1.500</b>	<b>1.525</b>	<b>1.525</b>	<b>1.600</b>	<b>6.150</b>
<b>TOTAL IT INVESTMENT REQUIRED</b>		<b>4.569</b>	<b>2.725</b>	<b>2.175</b>	<b>1.600</b>	<b>11.069</b>

## Appendix 5

### 5 YEAR NEW SUPPLY AND HIP ANALYSIS

#### Revised 30 Year Business Plan Proposals after year-end and Carry Forward adjustments (Section 10.1 – 10.4)

	2018/19	2019/20	2020/21	2021/22	2022/23	5 Year Total
<b>Expenditure</b>						
Kitchens & Bathrooms	342	0	0	0	0	342
External Fabrics	5,852	10,844	10,869	11,038	11,038	49,641
Environmental Works	1,657	400	400	400	400	3,257
Heating Projects	7,006	7,422	5,922	7,360	7,360	35,070
Provision of New Housing Stock	26,821	49,413	42,965	1,600	1,600	122,399
Miscellaneous Projects	1,792	0	0	0	0	1,792
Client Line	834	250	250	200	200	1,734
Legislative Compliance	1,870	1,630	1,630	1,630	1,630	8,390
Windows & Doors	2,121	2,421	2,421	2,600	2,600	12,163
Services Upgrades	1,016	240	240	240	240	1,976
Sheltered Housing	868	400	400	400	400	2,468
Energy Funding	1,965	0	0	0	0	1,965
To be allocated	1,520	0	0	(35)	(25)	1,460
<b>Total Expenditure</b>	<b>53,664</b>	<b>73,020</b>	<b>65,097</b>	<b>25,433</b>	<b>25,443</b>	<b>242,657</b>
<b>Funding</b>						
Capital Receipts - Land Sales	(2,000)	0	0	0	0	(2,000)
Capital Funded from Current Revenue	(24,130)	(21,309)	(21,077)	(22,822)	(24,123)	(113,461)
Prudential Borrowing	(20,664)	(37,582)	(19,995)	(1,891)	(600)	(80,732)
Specific Grant	(6,870)	(14,129)	(24,025)	(720)	(720)	(46,464)
<b>Total Funding</b>	<b>(53,664)</b>	<b>(73,020)</b>	<b>(65,097)</b>	<b>(25,433)</b>	<b>(25,443)</b>	<b>(242,657)</b>

## Appendix 6

### Summary of Future Capital Programme Expenditure & Income

Year:		1	2	3	4	5	6	7	8	9	10		
Financial Year:	Section Ref	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28		Total
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		£m
<b>Expenditure:</b>													
Leisure Centres	3			2.000	4.000	11.000	10.000	3.000					30.000
Community Halls	4												0.000
Roads – Carriageway Investment	5.1 – 5.4		4.000	9.400	9.400	9.400	9.400	9.400	9.400	9.400	9.400		79.200
Roads – Other Infrastructure	5.5 – 5.6		2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400		21.600
Roads – Structures	5.8		6.000										6.000
Park and Ride Facilities	5.9 - 5.12			3.430			3.250			13.272			19.952
Replacement Care Facilities	6.1 - 6.3	0.300	17.300										17.600
Community Family Centre	6.4			1.000	1.500	0.500							3.000
Schools Growth and Capacities	7.1 - 7.3	1.315	3.050	17.000	21.700	6.450	2.298	6.300	12.596	8.000			78.709
Early Years – 1,140 Hours (includes 2017/18 spend)	7.4 – 7.7	1.407	11.382	19.379	0.070								32.238
Early Years – Growth and Capacities	7.8			2.200	3.200								5.400
Schools information													
Communication Technology (ICT)	7.9			1.800	1.800	1.800	1.800	1.800	1.800	1.800	1.800		14.400
Information Technology	8			4.569	2.725	2.175	0.400	0.300	0.300	0.300	0.300		11.069
Private Housing Scheme of Assistance (PHSA)	10.5			1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		8.000
Planned Asset Management	10.6			4.800	4.800	4.800	4.800	4.800	4.800	4.800	4.800		38.400
Prioritised Urgent Investment	10.7			1.700	1.700	1.700	1.700	1.700	1.700	1.700	1.700		13.600
Lifecycle Replacement – Schools	10.8 - 10.9			0.750	0.750	0.750	1.250	1.250	1.250	1.750	1.750		9.500
Cemeteries, Pitches and Infrastructure	11.2 – 11.3			2.000			2.000			2.000			6.000
Play Parks	11.4			0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175		1.400
Country Parks	11.5 – 11.8			0.800	0.200	0.200	0.200	0.200	0.200	0.200	0.200		2.200
Allotments	11.9 – 11.10			0.250	0.250								0.500
Lanark Library, Lindsay Institute	11.11 - 11.12			0.250	0.250								0.500
<b>Total Expenditure</b>		<b>3.022</b>	<b>44.132</b>	<b>74.903</b>	<b>55.920</b>	<b>42.350</b>	<b>40.673</b>	<b>32.325</b>	<b>35.621</b>	<b>46.797</b>	<b>23.525</b>		<b>399.268</b>

Year:		1	2	3	4	5	6	7	8	9	10		
Financial Year:	Section Ref	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28		Total
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		£m
<b>Total Expenditure</b>		<b>3.022</b>	<b>44.132</b>	<b>74.903</b>	<b>55.920</b>	<b>42.350</b>	<b>40.673</b>	<b>32.325</b>	<b>35.621</b>	<b>46.797</b>	<b>23.525</b>		<b>399.268</b>
<b>Existing Funding Identified*</b>		<b>0.300</b>	<b>17.300</b>										<b>17.600</b>
<b>Funding Available:</b>													
General Capital Grant	12.2			28.000	28.000	28.000	28.000	28.000	28.000	28.000	28.000		224.000
Less: City Deal	12.2			(2.400)									(2.400)
<b>General Capital Grant Available</b>				<b>25.600</b>	<b>28.000</b>	<b>28.000</b>	<b>28.000</b>	<b>28.000</b>	<b>28.000</b>	<b>28.000</b>	<b>28.000</b>		<b>221.600</b>
<b>Capital Receipts</b>	12.4 – 12.5			<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>		<b>8.000</b>
Other Grants													
- City Deal / Developers Contributions (Schools Growth and Capacities)	7.3	1.315	3.050	14.300	18.950	8.696	2.602	5.188	7.411	4.929	2.268		68.709
- Scottish Government Early Years - 1,140 Hours	7.4 – 7.7	1.407	11.382	6.451									19.240
- City Deal / Developers Contributions (Early Years Growth and Capacities)	7.8			1.563	3.041	0.196							4.800
<b>Other Grants</b>		<b>2.722</b>	<b>14.432</b>	<b>22.314</b>	<b>21.991</b>	<b>8.892</b>	<b>2.602</b>	<b>5.188</b>	<b>7.411</b>	<b>4.929</b>	<b>2.268</b>		<b>92.749</b>
<b>Total Funding Available</b>		<b>3.022</b>	<b>31.732</b>	<b>48.914</b>	<b>50.991</b>	<b>37.892</b>	<b>31.602</b>	<b>34.188</b>	<b>36.411</b>	<b>33.929</b>	<b>31.268</b>		<b>339.949</b>
<b>Surplus / (Shortfall)</b>		<b>-</b>	<b>(12.400)</b>	<b>(25.989)</b>	<b>(4.929)</b>	<b>(4.458)</b>	<b>(9.071)</b>	<b>1.863</b>	<b>0.790</b>	<b>(12.868)</b>	<b>7.743</b>		<b>(59.319)</b>

\*It has been assumed that the funding for Replacement Care Facilities £17.600 million is included under 'existing funding'.