

Report

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

Subject:	Capital Budget 2018/2019 and Monitoring for Period 8 - 1 April 2018 to 12 October 2018
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update the Executive Committee of progress on the General Fund Capital Programme and the Housing Capital Programme for the period 1 April 2018 to 12 October 2018

2. Recommendation(s)

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

- (1) that the Period 8 position (ended 12 October 2018) of the General Fund Capital Programme itemised at Appendices 1 – 4 and the Housing Capital Programme at Appendix 5, be noted;
- (2) that the adjustments to the General Fund programme listed at Appendix 2, be approved; and
- (3) that the revised programmes be monitored by the Financial Resources Scrutiny Forum.

3. Background

3.1. The attached statements to this report provide a summarised monitoring position as at 12 October 2018. Spending has been split into two separate sections:-

- ◆ General Fund Capital Programme including Education, Social Work, Roads and Transportation and General Services (Section 5.1)
- ◆ Housing Capital Programme (Section 5.2)

4. General Fund

4.1. 2018/2019 Budget

The budget agreed at Executive Committee on 26 September 2018 was £73.343 million. A revised budget of £69.646 million is presented in Appendix 1. This consists of the base budget plus carry forward projects, previously approved adjustments and proposed adjustments (totalling a net decrease of £3.697 million) detailed at Appendix 2.

- 4.2. Glasgow City Region City Deal: Included within these proposed adjustments is a budget movement for the Glasgow City Region City Deal Programme following a detailed review of the spend. This reflects expected timescales in the Community Growth Area project (£0.900 million), Cathkin Relief Road project (£0.320 million) and the Stewartfield Way project (£0.200 million) for financial year 2018/2019.
- 4.3. Education Early Years 1,140 Hours: At the start of this financial year, an amount of £2.5 million was included to fund anticipated spend on projects to help deliver the Scottish Government's proposal to increase the number of hours of free early learning and childcare to 1,140 hours by 2020. The Executive Committee (15 August 2018) approved a first phase capital programme of works (£12 million). Based on the projects approved in August, spend for 2018/2019 for the Early Years 1,140 hours programme has been forecast at £0.635 million. A budget adjustment of £1.865 million is required to reflect the timescales for these projects. A list of these projects, along with their anticipated completion dates, is included in Appendix 4.
- 4.4. Education Growth and Capacities: The Executive Committee on 26 September 2018 also approved the addition of 2 new projects into the Capital Programme: St Mary's Primary School, Hamilton and St Charles' Primary School, Newton. These extension projects total £4.400 million and are to be funded from budget underspends in the current Primary School Modernisation Programme (£3 million), £0.4 million of Developer's Contributions and £1 million of additional borrowing.
- 4.5. Spend on these projects in the current year can be met from the programme already set. Therefore, the additional element of the budget approved (£1.0 million funded by borrowing and £0.4 million of developer's contributions), will be added to the 2019/2020 Capital Programme to allow completion of the projects in that year.
- 4.6. The programme spend and funding for the General Fund is summarised in Appendices 1 and 3. Total funding of £69.646 million is available in year.
- 4.7. 2018/2019 Monitoring
Budget for the period is £26.447m and spend to the 12 October 2018 is £25.501m (36.62%). This represents expenditure of £0.946m behind profile. This is mainly due to the timing of spend across a number of projects within Regeneration Services and Roads Services. It is expected that full spend on these projects will be made this financial year.
- 4.8. Actual funding received to 12 October 2018 is £52.972m (76.06%).

5. Housing Programme

- 5.1. 2018/19 Budget
Appendix 5 also shows the position on the Housing programme as at 12 October 2018. The revised capital programme for the year is £53.664 million. Programmed funding for the year totals £53.664 million.
- 5.2. 2018/2019 Monitoring
Budget for the period is £24.975 million and spend to 12 October 2018 amounts to £24.401 million (45.47%). This represents expenditure of £0.574 million behind profile and is mainly due to progress on the new build programme being slightly behind original predictions.
- 5.3. As at 12 October 2018, actual funding of £24.401 million had been received.

- 5.4. Regular monitoring of both the General Fund Programme and the Housing Programme is carried out in detail by the Financial Resources Scrutiny Forum and reported on a regular basis to this Committee.

6. Employee Implications

- 6.1. None.

7. Financial Implications

- 7.1. As detailed within this report.

8. Other Implications

- 8.1. 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.

9. Equality Impact Assessment and Consultation Arrangements

- 9.1. 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.
- 9.2. 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)

22 October 2018

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Executive Committee, 26 September 2018

List of Background Papers

- ◆ Capital Ledger prints to 12 October 2018

Contact for Further Information

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

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SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2018/19
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2018 TO 12 OCTOBER 2018

APPENDIX 1

	£m	£m
Original 2018/19 Base Budget including Carry Forward		73.343
Proposed Adjustments – Periods 7 and 8		(3.697)
Total Revised Budget including Carry Forward		69.646

<u>Resource</u>	<u>Base 2018/19 Budget</u>	<u>Period 7&8 Proposed Adjustments</u>	<u>Revised 2018/19 Budget</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Community & Enterprise	38.144	(1.520)	36.624
Education	24.657	(2.240)	22.417
Finance & Corporate	1.592	0.000	1.592
Housing & Technical	8.630	(0.257)	8.373
Social Work	0.320	0.320	0.640
Total	73.343	(3.697)	69.646

Proposed Adjustments**Community and Enterprise Resources****Synthetic and Grass Pitches**

Additional funding of £0.080m has been awarded from the Renewable Energy Fund as a contribution towards the cost of replacing the second generation sandbased pitch at Lanark Racecourse, with a third generation rugby/football hybrid pitch. Approval is sought to increase the 2018/19 Capital programme by £0.080m to reflect this additional funding. £0.080m

Sustainable Transport Improvements - Clydesdale Area

Additional funding of £0.075m has been awarded to allow the Council to determine the transport and travel needs of the Clydesdale area, and appraise the options to meet those needs. This funding has been provided by Strathclyde Partnership for Transport (£0.050m) and Transport Scotland (£0.025m).

The funding from Strathclyde Partnership for Transport will be utilised during financial year 2018/19, with the Transport Scotland funds available for use up to the end of March 2020.

Approval is therefore sought to increase the 2018/19 Capital Programme by £0.050m to reflect the additional funding provided by Strathclyde Passenger for Transport, and to increase the 2019/20 Capital Programme to reflect the funding from Transport Scotland (£0.025m). £0.050m

Sustrans – East Kilbride Active Travel

Approval is sought to increase the 2018/19 Capital programme by £0.050m to develop active travel proposals, which will encourage walking and cycling, in the East Kilbride area. This will be funded by an award from Sustrans of £0.050m £0.050m

Clyde and Avon Valley Landscape Partnership

Approval is sought to increase the 2018/19 Capital programme by £0.120m to reflect additional funding received from Heritage Lottery Fund (£0.118m) and Border Biscuits (£0.002m). This funding will be used towards specific projects identified in the Landscape Conservation Action Plan (LCAP). £0.120m

Zero Waste Fund

Council officers are working through the recommendations of a report from Zero Waste Scotland on the Council's Waste Strategy. As a result of this work, approval is sought to slip £0.400m into the 2019/20 Capital programme. (£0.400m)

Glasgow City Region – City Deal

As noted in sections 4.2, following a review of the programme timescales, approval is sought to reduce the 2018/19 allocation by £1.420m (Community Growth Areas £0.900m, Cathkin Bypass £0.320m and Stewartfield Way £0.200m) to reflect the current year spend anticipated. This funding will be required in financial year 2019/20. (£1.420m)

Education Resources

Early Years 1,140 Hours

The Executive Committee (15 August 2018) approved a first phase capital programme of works for 1,140 Hours, totalling £12m. Based on the projects agreed in August 2018, it is estimated that expenditure of £0.635m will be achieved. (£1.865m)

As the original programme had included a budget of £2.5m Scottish Government grant, approval is sought to allow slippage of £1.865m into the 2019/20 Capital Programme. Specific capital grant funding from the Scottish Government for this project will also be carried forward into 2019/20.

Trinity High School Science Laboratory

Approval is sought to increase the 2018/19 Capital Programme by £0.115m in order to undertake laboratory conversion works within the school to give more classroom flexibility. This will be funded by developers' contributions from the Cambuslang / Rutherglen area. £0.115m

Crawforddyke Primary School, Carluke – Extension

Approval is sought to reduce the 2018/19 Capital Programme by £0.490m to reflect the expected timescales for the new extension at Crawforddyke Primary School, Carluke, which will complete by August 2020. (£0.490m)

Housing and Technical Resources

Central Energy Efficiency Fund

Approval is sought to increase the 2018/19 Capital Programme by £0.063m to allow the completion of two additional LED lighting projects at John Wright Sports Centre, East Kilbride and McClymont Resource Centre, Lanark. This will be funded by a contribution from the CEEF Reserve. £0.063m

Social Work Resources

Arran House, East Kilbride – Phase 2

A second phase of works have been proposed at Arran House, East Kilbride, with the opportunity to redevelop the first floor of the facility to accommodate additional service users with complex and challenging needs. Approval is sought to transfer funding of £0.320m from the Prioritised Urgent Investment Fund. £0.320m (£0.320m)

Minor Adjustments

£0.000m

TOTAL ADJUSTMENTS

(£3.697m)

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2018/2019
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2018 TO 12 OCTOBER 2018

APPENDIX 3

Expenditure	<u>2018/2019</u>	<u>2018/2019</u>	<u>2018/2019</u>	<u>2018/2019</u>
	<u>Original</u>	<u>Revised</u>	<u>Budget to</u>	<u>Actual to</u>
	<u>Estimate inc</u>	<u>Budget</u>	<u>12/10/18</u>	<u>12/10/18</u>
	<u>C/F</u> £m	<u>Budget</u> £m	<u>12/10/18</u> £m	<u>12/10/18</u> £m
General Fund Programme	70.625	69.646	26.447	25.501
Income	<u>2018/19</u>	<u>2018/19</u>	<u>2018/19</u>	
	<u>Budget</u>	<u>Revised</u>	<u>Actual</u>	
		<u>Budget</u>	<u>To</u>	
	£m	£m	<u>17/08/18</u>	
Prudential Borrowing	32.772	30.770	30.770	
Heritage Lottery / Sportscotland Grant	0.124	0.406	0.184	
Developers Contributions	1.550	1.665	1.535	
Partners (Including SPT, Forestry Commission, Transport Scotland, Timber Income, and Renewable Energy Fund)	0.619	2.538	0.945	
Scottish Government:				
- Capital Grant	27.607	27.607	13.803	
- Cycling, Walking and Safer Streets	0.432	0.432	0.000	
- Vacant and Derelict Land	2.316	1.566	1.116	
- Early Years 1,140 Hours	0.970	0.635	0.635	
- Regeneration Capital Grant	0.850	0.850	0.807	
Specific Reserves	1.244	2.155	2.155	
Capital Receipts	0.500	0.500	0.500	
Capital Financed from Current Revenue	1.641	0.522	0.522	
TOTAL FUNDING	70.625	69.646	52.972	

Early Years 1,140 Hours Projects – with Underspends in 2018/19		
Project Name	Project Type	Completion Date
Larkhall Children's Centre, Larkhall	Refurbishment	September 2019
St Cuthbert's Primary School – Nursery Adaptations	Refurbishment	August 2019
Woodlands Nursery - Expansion	Refurbishment	August 2020
Carluke area (site adjacent to Crawforddyke Primary School).	New Build	Project requirements will be confirmed pending review of number projections for this area.
Kirkmuirhill area (site of old Leisure Dome)	New Build	June 2020
Newton area (site of old St Charles Primary School)	New Build	July 2020

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2018/2019
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2018 TO 12 OCTOBER 2018

APPENDIX 5

	<u>2017/2018</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2018/2019</u> <u>Estimate to</u> <u>12/10/18</u> <u>£m</u>	<u>2018/2019</u> <u>Actual to</u> <u>12/10/18</u> <u>£m</u>
Expenditure			
2018/19 Budget incl carry forward from 2017/18	53.664	24.975	24.401
	<u>2018/19</u> <u>Annual</u> <u>Budget</u> <u>£m</u>		<u>2018/19</u> <u>Actual to</u> <u>12/10/18</u> <u>£m</u>
Income			
Capital Receipts – House Sales	0.000		0.088
Capital Receipts – Land Sales	2.000		2.308
Capital Funded from Current Revenue	23.730		21.510
Prudential Borrowing	21.602		0.000
Specific Grant			
- Scottish Government – New Council Houses	4.963		0.000
- Scottish Government – Buy Backs	0.900		0.000
- Scottish Government – Mortgage to Rent	0.120		0.037
- Scottish Natural Heritage	0.349		0.000
Other Income	0.000		0.458
TOTAL FUNDING	53.664		24.401