

Report

Report to:	Executive Committee
Date of Meeting:	29 March 2023
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Programme 2022/2023 Update and Monitoring for Period 12 – 1 April 2022 to 24 February 2023
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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 2022 to 24 February 2023

2. Recommendation(s)

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

- (1) that the Period 12 position (ended 24 February 2023) of the General Fund Capital Programme itemised at appendices 1 to 4 and the Housing Capital Programme at Appendix 5, be noted;
- (2) that the adjustments to the General Fund Programme listed at sections 4.2 and Appendix 1, 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 24 February 2023 (Period 12). Spending has been split into 2 separate sections:-

- ♦ General Fund Capital Programme including Education, Social Work, Roads and Transportation and General Services (Section 4)
- ♦ Housing Capital Programme (Section 5)

4. General Fund Capital Programme

4.1. **2022/2023 Budget:** The budget agreed at Executive Committee on 1 February 2023 was £78.396 million. This revised programme consists of the base budget plus carry forward projects and adjustments which have been agreed by the Executive Committee up to and including its meeting on 1 March 2023.

4.2. The total programme of £78.396 million includes new adjustments to the programme, which are proposed in this report at Appendix 1. These adjustments total £0.180 million and include additional funding for new projects. Due to the timing of project

spend, it is anticipated that this funding will slip into 2023/2024 and the net impact on the 2022/2023 Capital Programme is, therefore, nil.

- 4.3. The total programme is detailed in Appendix 2. There is no movement from the last report to this Committee (1 March 2023).
- 4.4. Programmed funding for the year also totals £78.396 million. The funding available to support the programme is detailed in Appendix 3.
- 4.5. **2022/2023 Outturn:** As reported previously, estimates from Resources suggested an outturn of around £73 million, a net underspend across Resources of £5.3 million against the revised budget of £78.396 million. The majority of the variance is due to the timing of spend, resulting in budget required in 2023/2024 rather than 2022/2023.
- 4.6. As at 24 February 2023, work continues to clarify the predicted spend position for the General Services Capital Programme for the remainder of this financial year. Funding for projects remaining underspent at the financial year-end will be carried forward to allow the projects to be completed in 2023/2024. Again, this is a timing issue only with funding for the overall spend on these projects already identified into next financial year. Officers will continue to work to maximise spend in 2022/2023, where possible.
- 4.7. A list of the main projects making up the predicted £5.3 million underspend as declared previously, and which will now complete in 2023/2024, is included in Appendix 4. This Appendix also includes their anticipated completion dates.
- 4.8. **Period 12 Position:** The programme spend and funding for the General Fund is included in Appendix 3. As noted in 4.1, the total capital spending programme for the year is £78.396 million.
- 4.9. Appendix 3 also shows budget for the period of £46.008 million and spend to the 24 February 2023 of £45.607 million, an underspend of £0.401 million. This is mainly due to the timing of spend of the Roads Investment Programme (£0.970 million) and City Deal project at Greenhills Road (£0.300 million), both within Community and Enterprise Resources, being less than anticipated at this stage. This is offset by good progress on the Oracle Fusion project within Finance and Corporate Resources (£0.850 million).
- 4.10. Actual funding received to 24 February 2023 is £70.470 million.
- 4.11. Relevant officers will continue to closely monitor the generation of all income.

5. Housing Capital Programme

- 5.1. **2022/2023 Budget:** Appendix 5 summarises the position on the Housing programme as at 24 February 2023. The revised capital programme for the year is £66.361 million, as approved by the Executive Committee on 24 August 2022. There are no new adjustments proposed in this report.
- 5.2. Programmed funding for the year also totals £66.361 million. The funding sources are also detailed in Appendix 5.
- 5.3. **2022/2023 Outturn:** Revised estimates from Housing and Technical Resources suggest there will now be an underspend of £8.039million within the Housing Capital Programme by the end of the financial year. This is an increase of £3.9 million on the underspend reported last period. As advised previously, the underspend is mainly

due to a number of factors, including operatives from Property Services being diverted away from capital investment to tackle urgent flooding damage, delays in external fabric projects due to the suspected presence of bats, reduced owner uptake for external works and higher than normal volumes of no access for legislative works.

- 5.4. The projected underspend above also now includes the impact of an expected delay to the completion of the Kirk Street, Strathaven New Build Development. This development was due to be handed to the Council in March 2023 but was delayed due to circumstances out with the Council's control. This is now planned to complete in April 2023 and spend of £2.9 million on that project will fall into the new year.
- 5.5. Work to monitor achievable spend will continue as we approach the end of the financial year. Funding for projects remaining underspend at the financial year-end will be carried forward to allow the projects to be completed in 2023/2024.
- 5.6. **Period 12 Position:** Budget for the period is £50.039 million and spend to 24 February 2023 amounts to £46.245 million, an underspend of £3.794 million and this mainly reflects the issues detailed in Sections 5.3 to 5.4 above.
- 5.7. As at 24 February 2023, £46.245 million of funding had been received.
- 5.8. Regular monitoring of both the General Fund Programme and the Housing Programme will be carried out in detail by the Financial Resources Scrutiny Forum and reported on a regular basis to the Executive Committee.

6. Employee Implications

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

7. Financial Implications

- 7.1. The financial implications are contained in sections 4 and 5 of the report for the General Services and Housing capital programmes respectively.

8. Climate Change, Sustainability and Environmental Implications

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

9. Other Implications

- 9.1. The main risk associated with the Council's Capital Programme is an overspend. There are detailed project management plans prepared and the risk of overspend on each project is monitored through four weekly investment management meetings.
- 9.2. The Council continues to experience material shortages, longer lead times and extraordinary inflationary price increases and it is anticipated that this will continue to impact the supply chain for the foreseeable future. The impact of this will continue to be monitored through the four weekly investment management meetings. Further updates will be reported in the coming months with any significant increases in contract values being brought to members' attention.

10. Equality Impact Assessment and Consultation Arrangements

- 10.1. This report does not introduce a new policy, function or strategy or recommend a change to existing policy, function or strategy and, therefore, no impact assessment is required.

10.2. There was also no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning
Executive Director (Finance and Corporate Resources)

8 March 2023

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ Executive Committee, 24 August 2022
- ◆ Executive Committee, 1 March 2023

List of Background Papers

- ◆ Capital Ledger prints to 24 February 2023

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 2022/2023
GENERAL SERVICES PROGRAMME
FOR PERIOD 1 APRIL 2022 TO 24 FEBRUARY 2023

Proposed Adjustments – Period 12

Community and Enterprise Resources

Chatelherault Allotments

The 2022/2023 Capital Programme already includes an allocation (£0.120 million) to create allotments at the former Garden Centre site within Chatelherault Country Park, which is now vacant. The tender exercise is now complete and contributions from the Food Strategy Support Fund (£0.100 million) and Community and Enterprise Resources Revenue budget (£0.080 million) have been identified to augment the existing budget allocation. This will allow the project to progress. £0.180m

Due to the profiling of project expenditure, this element of the budget will not be required until 2023/2024. Approval is sought to slip this additional funding of £0.180 million into the 2023/2024 Capital Programme. (£0.180m)

TOTAL ADJUSTMENTS

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APPENDIX 2

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2022/2023
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2022 TO 24 FEBRUARY 2023

£m

Total Budget (Executive Committee – 1 March 2023) **78.396**

Proposed Adjustments – Period 12 (Section 4.2 and Appendix 1) -

Total Revised Budget (Executive Committee – 31 March 2023) **78.396**

	<u>2022/23</u> <u>Budget</u>	<u>Period 12</u> <u>Proposed</u> <u>Adjustments</u>	<u>Revised</u> <u>2022/23</u> <u>Budget</u>
<u>Resource</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Community & Enterprise	48.444	-	48.444
Education	13.918	-	13.918
Finance & Corporate	3.695	-	3.695
Housing & Technical	8.436	-	8.436
Social Work	3.903	-	3.903
Other Match Funding	-	-	-
TOTAL CAPITAL PROGRAMME	78.396	-	78.396

APPENDIX 3

SOUTH LANARKSHIRE COUNCIL CAPITAL EXPENDITURE 2022/2023 GENERAL FUND PROGRAMME FOR PERIOD 1 APRIL 2022 TO 24 FEBRUARY 2023

	<u>2022/2023</u> <u>Original</u> <u>Estimate inc</u> <u>C/F</u>	<u>2022/2023</u> <u>Revised</u> <u>Budget</u>	<u>2022/2023</u> <u>Budget to</u> <u>24/02/23</u>	<u>2022/2023</u> <u>Actual to</u> <u>24/02/23</u>
Expenditure	£m	£m	£m	£m
General Fund Programme	95.232	78.396	46.008	45.607
Income	<u>2022/2023</u> <u>Budget</u>	<u>2022/2023</u> <u>Revised</u> <u>Budget</u>		<u>2022/2023</u> <u>Actual</u> <u>To</u> <u>24/02/23</u>
	£m	£m		£m
Prudential Borrowing	55.416	30.260		30.260
Developers Contributions	6.552	0.058		0.058
Partners (Including High Blantyre Construction, SPT, Sustrans, and CARES)	1.745	3.989		1.454
Scottish Government:				
- Capital Grant	22.424	32.074		30.180
- Cycling, Walking and Safer Routes	2.154	2.887		1.180
- Vacant and Derelict Land	1.820	1.228		0.728
- Regeneration Capital Grant	1.720	1.370		0.157
- Town Centre Regeneration Fund	0.101	0.101		0.101
- Place Based Investment Programme	1.617	3.357		3.357
- Electric Vehicle Charging	0.118	0.118		0.089
Infrastructure				
- NSS Tec	0.000	0.040		0.040
Glasgow City Region City Deal	0.000	0.000		0.006
Capital Receipts	1.000	1.000		0.946
Specific Reserves	0.534	1.400		1.400
Revenue Contribution	0.031	0.514		0.514
TOTAL FUNDING	95.232	78.396		70.470

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2022/2023
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2020 TO 24 FEBRUARY 2023

Projects with Projected Underspends in 2022/2023 which will Carry Forward into 2023/2024		
Project Name	Project Type	Completion Date
Community and Enterprise Resources		
Library IT Infrastructure Upgrade Phase 2 – Desktop Refresh	Infrastructure	Summer 2023
Phillipshill Cemetery - Extension	Infrastructure	March 2024
Springhall Urban Greenspace Development (Springhall Cage) - Play Equipment	Equipment	Summer 2023
Halfway Park Play Area - Redevelopment	Infrastructure	April 2023
Chatelherault Allotments	Infrastructure	June 2023
Play Parks - Various	Infrastructure	Throughout 2023/2024 and beyond
Greenhall Replacement Bridge - Design	Infrastructure	March 2024
Alexander Hamilton Memorial Park Woodland Management	Infrastructure	Throughout 2023/2024
Larkhall Leisure Centre - Design (Place Based Investment Funding)	New Build	Throughout 2023/2024
Lanark Library, Lindsay Institute – Roof and Windows	Improvements	Throughout 2023/2024
Town Centre Regeneration Fund	Regeneration	Throughout 2023/2024
Vacant & Derelict Land - Cuningar Loop Phase 3 Greening	Regeneration	February 2024
City Deal - Calderside Academy	Adaptations	October 2025
City Deal - Holy Cross High	Adaptations	October 2025
City Deal - Lanark Road Signalisation	Infrastructure	December 2023
City Deal - Cathkin Bypass – Grant Payments Only	Grants	Throughout 2023/2024
Daer Bridge	Infrastructure	December 2023
Education Resources		
Castlefield Primary School Extension	Extension	July 2023
Crawforddyke adaptation of nursery to classrooms	Adaptations	June 2023
Uddingston Nursery Expansion	Adaptations	August 2024
Clyde Terrace Early Years	New Build	November 2023
Small Scale Adaptations	Adaptations	Throughout 2023/2024
Finance and Corporate Resources		
Digital Tools	Infrastructure	Throughout 2023/2024

Digital Connectivity	Infrastructure	Throughout 2023/2024
Digital Transformation	Infrastructure	Throughout 2023/2024
Projects with Projected Underspends in 2022/23 which will Carry Forward into 2023/2024		
Project Name	Project Type	Completion Date
Housing and Technical Resources		
Prioritised Urgent Investment	Refurbishment	Throughout 2023/2024
Principal Offices - Fabric and Service Investment	Refurbishment	Throughout 2023/2024
Lifecycle Replacement Schools	Refurbishment	Throughout 2023/2024
New Cross Shopping Centre - Roof	Refurbishment	Throughout 2023/2024
Civic Centre Fabric Upgrade	Refurbishment	Throughout 2023/2024
Communities Facilities Fund	Refurbishment	Throughout 2023/2024
CEEF Programme	Refurbishment	Throughout 2023/2024

APPENDIX 5

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2022/2023
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2022 TO 24 FEBRUARY 2023

	<u>2022/2023</u> <u>Original</u> <u>Budget</u> £m	<u>2022/2023</u> <u>Revised</u> <u>Budget</u> £m	<u>2022/2023</u> <u>Budget to</u> <u>24/02/23</u> £m	<u>2022/2023</u> <u>Actual to</u> <u>24/02/23</u> £m
Expenditure				
2022/2023 Budget Incl. adjustment from 2021/2022	52.230	66.361	50.039	46.245
	<u>2022/2023</u> <u>Original</u> <u>Budget</u> £m	<u>2022/2023</u> <u>Revised</u> <u>Budget</u> £m		<u>2022/2023</u> <u>Actual to</u> <u>24/02/23</u> £m
INCOME				
Capital Receipts	0.000	7.311		7.302
Capital Receipts - Land Sales	0.000	0.000		0.018
Capital Funded from Current Revenue	26.050	26.050		26.050
Prudential Borrowing	22.018	26.462		5.435
Scottish Government Specific Grant:				
- New Build	2.242	4.048		6.083
- Open Market Purchase Scheme	1.800	2.370		1.302
- Mortgage to Rent	0.120	0.120		0.055
	52.230	66.361		46.245