

Report

Report to:	Executive Committee
Date of Meeting:	13 September 2023
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Budget 2023/2024 and Monitoring for Period 5 - 1 April 2023 to 11 August 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 2023 to 11 August 2023

2. Recommendation(s)

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

- (1) that the adjustments to the General Fund programme, listed at Appendix 1, be approved;
- (2) that the period 5 position (ended 11 August 2023) of the General Fund Capital Programme detailed in Appendices 2 to 3 and the Housing Capital Programme at Appendix 4, be noted; 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 11 August 2023. Spending has been split into two 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. **2023/2024 Budget:** The budget agreed at Executive Committee on 16 August 2023 was £83.322 million. A revised programme of £80.262 million is now anticipated, which includes adjustments to the programme totalling a net decrease of £3.060 million, which are proposed in Appendix 1.

4.2. The main reason for this reduction is profiling adjustments proposed by Community and Enterprise Resources, and they include the output from the review of the anticipated timing of spend on the Glasgow City Region City Deal project at Stewartfield Way, East Kilbride (£3 million).

- 4.3. In addition, delays in Scottish Government approval for the overall project at Hairmyres Station have had an impact on the timescales for the Park and Ride project. As a result, funding from Strathclyde Passenger Transport (£0.800 million) cannot be fully utilised this financial year. Furthermore, a timescale of works has now been agreed with the contractor for the Glasgow City Region City Deal signalisation project at Lanark Road, Larkhall, which will now commence on site January 2024. This has resulted in some expenditure falling into next financial year (£0.800 million).
- 4.4. These reductions to the 2023/2024 programme (sections 4.2 and 4.3) are offset by additional project funding awarded primarily from the Scottish Government's Regeneration Capital Grant Fund (£0.989 million) and Shared Prosperity Fund (£0.340 million).
- 4.5. **General Fund – Period 5 Position:** As noted in 4.1, the total capital spending programme for the year is £80.262 million. The detailed programme and spend for the General Fund are shown in Appendices 2 and 3.
- 4.6. Appendix 3 also shows budget for the period of £15.161 million and spend to the 11 August 2023 of £14.654 million. The spend is, therefore, behind programme by £0.507 million. This mainly relates to the new Wooddean Early Learning Centre, Bothwell (formerly Clyde Terrace) within Education Resources, which is still scheduled to handover in November 2023, as previously advised.
- 4.7. Actual funding received to 11 August 2023 is £42.661 million. Relevant officers will closely monitor the generation of all income including receipts.
- 5. Housing Capital Programme**
- 5.1. **2023/2024 Budget:** Appendix 4 summarises the position on the Housing programme as at 11 August 2023. The revised capital programme for the year was £69.596 million, as approved by the Executive Committee on 16 August 2023.
- 5.2. Programmed funding for the year also totals £69.596 million. The funding sources are also detailed in Appendix 4.
- 5.3. **Period 5 Position:** Budget for the period is £16.115 million and spend to 11 August 2023 amounts to £15.580 million. This results in the Housing Programme being £0.535 million behind programme. This is a timing issue only at this stage.
- 5.4. As at 11 August 2023, £15.580 million of funding had been received.
- 6. Employee Implications**
- 6.1. There are no employee implications as a result of this report.
- 7. Financial Implications**
- 7.1. The General Services and Housing Programme Programmes and their spend position to 11 August 2023 are detailed in sections 4 and 5 respectively.
- 7.2. Regular monitoring of both the General Fund Programme and the Housing Programme will be carried out in detail by the Financial Resources Scrutiny Forum and reported on a regular basis to this Committee.
- 8. 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. Climate Change, Sustainability and Environmental Implications

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

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)

23 August 2023

Link(s) to Council Vision/Priorities/Values

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Executive Committee, 16 August 2023

List of Background Papers

- ◆ Capital Ledger prints to 11 August 2023

Contact for Further Information

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

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Proposed Adjustments**Community and Enterprise Resources****Carnwath Community and Business Enterprise HUB**

The Council has been awarded funding of £0.275 million from the Scottish Government's Regeneration Capital Grant Fund (RCG) towards the Carnwath Community and Business Enterprise HUB project. This will support the construction of a community business and enterprise hub on the site already purchased in the village. This RCG funding will augment funding already provided from the Council's Capital Programme, namely Place Based Investment Programme (£0.025m) for the site purchase and Vacant and Derelict Land Fund (£0.100m) for the construction.

Approval is sought to increase the 2023/2024 Capital Programme by £0.275 million to reflect this grant award. £0.275m

Carluke High Mill Community Facility – Phase 1

Similarly, the Scottish Government has awarded South Lanarkshire £1.199 million from the Regeneration Capital Grant Fund (RCGF) towards the new High Mill Community Facility, Carluke. This project will be led by a local Community Group and will allow the refurbishment and repurpose of Carluke High Mill into a multi-purpose community facility. The Group have also been awarded Heritage Lottery and Historic Environment Scotland funding for this project.

Given the timescales for this project, anticipated spend in 2023/2024 is expected to be £0.714 million, with the balance of £0.485 million required in financial year 2024/2025. Therefore, approval is sought to increase the 2023/2024 Capital programme by £0.714 million with the remainder (£0.485 million) being added to the budget in 2024/2025 when appropriate. £0.714m

Leisure and Culture Transformation Fund - TACT Hall

The TACT Hall, Blantyre is currently closed. Essential works are required to the heating / ventilation systems and the water tank to bring the hall back into operation. Approval is sought to add £0.187 million to the 2023/2024 Capital Programme to undertake the necessary improvement works at the TACT Hall. This will be funded from the Leisure and Culture Transformation Fund. £0.187m

Strathclyde Passenger Transport – Hairmyres Park and Ride

Funding of £1 million for financial year 2023/2024 was secured from Strathclyde Passenger Transport to contribute to the expansion of Hairmyres Station Park and Ride. However, Scottish Government approval for the overall project at Hairmyres Station is still awaited.

As a result, the Transport Scotland / Network Rail timeline for the delivery of the overall project at Hairmyres Station has changed since the time of the Council's original funding bid. Given these ongoing issues, approval is sought to reduce the 2023/2024 capital programme by £0.800 million. The remaining funding allocated for this financial year will allow for the conclusion of the planning application process as well as the development of tender and contract documents. (£0.800m)

A bid for funding in future financial years will be submitted to Strathclyde Passenger Transport to allow this project to progress.

Glasgow City Region City Deal - Stewartfield Way

Delivery timescales and financial matters remain under review in light of pressures being experienced across this and other construction projects and currently available design and contractor resources. A phased delivery programme is being considered with work now underway in relation to traffic modelling, revised junction layouts, early action elements (electric vehicle / active travel). Work continues in relation to refining, rescoping and progressing the project to Outline Business Case and this is expected over the next 9 to 12 months.

As this work is ongoing, approval is sought to slip £3 million into the 2024/2025 Capital Programme to better reflect the more likely timing of spend. (£3.000m)

Glasgow City Region City Deal – Lanark Road Signalisation

The 2023/2024 Capital Programme includes an allocation of £1.350 million to progress a signalisation project at the M74 junction 7, Lanark Road, Larkhall. Due to the initially successful contractor withdrawing from the tender process the second-place contractor was appointed. However, the resulting delay means it has been necessary to restate the programme with works now commencing in January 2024 through to June 2024. As a result, approval is sought to slip £0.800 million into the 2024/2025 Capital Programme to better reflect the anticipated timing of spend. (£0.800m)

Education Resources

Crawforddyke Primary School – ASN Adaptations

Approval is sought to increase the 2023/24 Capital Programme to reflect £0.022m of developer contributions already received from the development at the former Roadmeetings Hospital, Carluke. This funding will be utilised to alter the former nursery toilets to facilitate use by primary school pupils at Crawforddyke Primary School, Carluke. £0.022m

Housing and Technical Resources

Public Space CCTV

As reported to the Community and Enterprise Committee (29 August 2023), to facilitate the upgrade of the public space CCTV system, an allocation of £0.500 million has been made available from the Council's Shared Prosperity Fund allocation. Part of these essential works were required to commence during 2022/2023, with the main improvement works scheduled to start in 2023/2024.

Approval is sought to increase the 2023/2024 Capital Programme by £0.340 million, with the remaining £0.160 million being added to the budget in 2024/2025 when appropriate. £0.340m

Minor Adjustments £0.002m

TOTAL ADJUSTMENTS (£3.060m)

Appendix 2

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2023/24
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2023 TO 11 AUGUST 2023

£m

Total Base Budget (including carry forward from 2022/2023) **83.322**

Proposed Adjustments – Period 5 (3.060)

Total Revised Budget 80.262

	<u>2023/24</u> <u>Budget</u>	<u>Period 5</u> <u>Proposed</u> <u>Adjustments</u>	<u>Revised</u> <u>2023/24</u> <u>Budget</u>
<u>Resource</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Community & Enterprise	42.925	(3.417)	39.508
Education	19.311	0.022	19.333
Finance & Corporate	5.333	-	5.333
Housing & Technical	11.923	0.335	12.258
Social Work	2.030	-	2.030
Other Match Funding	1.800	-	1.800
TOTAL CAPITAL PROGRAMME	83.322	(3.060)	80.262

Appendix 3

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2023/24
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2023 TO 11 AUGUST 2023

	<u>2023/24</u> <u>Original</u> <u>Estimate inc</u> <u>C/F</u>	<u>2023/24</u> <u>Revised</u> <u>Budget</u>	<u>2023/24</u> <u>Budget to</u> <u>11/08/23</u>	<u>2023/24</u> <u>Actual to</u> <u>11/08/23</u>
Expenditure	£m	£m	£m	£m
General Fund Programme	77.849	80.262	15.161	14.654
Income	<u>2023/24</u> <u>Budget</u>	<u>2023/24</u> <u>Revised</u> <u>Budget</u>		<u>2023/24</u> <u>Actual</u> <u>To</u> <u>11/08/23</u>
	£m	£m		£m
Prudential Borrowing	24.959	21.351		21.351
Developers Contributions	7.658	8.080		4.225
Partners (Including SPT, Clyde Windfarm and Transport Scotland)	2.157	3.299		0.549
Scottish Government:				
- Capital Grant	33.985	34.527		10.184
- Cycling, Walking and Safer Routes	1.632	2.284		0.000
- Road Safety Improvement	0.000	0.475		0.000
- Vacant and Derelict Land	2.019	2.019		1.334
- Regeneration Capital Grant	0.737	1.726		0.745
- Place Based Investment	1.510	2.723		2.723
Programme				
-Inspiring School Age Childcare	0.000	0.234		0.000
Spaces Programme				
Glasgow City Region City Deal	0.000	0.000		0.000
Capital Receipts	2.000	2.000		0.006
Specific Reserves	1.192	1.192		1.192
Revenue Contribution	0.000	0.352		0.352
TOTAL FUNDING	77.849	80.262		42.661

APPENDIX 4

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2023/24
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2023 TO 11 AUGUST 2023

	<u>2023/24</u> <u>Original</u> <u>Budget</u> £m	<u>2023/24</u> <u>Revised</u> <u>Budget</u> £m	<u>2023/24</u> <u>Budget to</u> <u>11/08/23</u> £m	<u>2023/24</u> <u>Actual to</u> <u>11/08/23</u> £m
Expenditure				
2023/24 Budget	63.916	69.596	16.115	15.580
	<u>2023/24</u> <u>Original</u> <u>Budget</u> £m	<u>2023/24</u> <u>Revised</u> <u>Budget</u> £m		<u>2023/24</u> <u>Actual to</u> <u>11/08/23</u> £m
Income				
Capital Receipts	0.000	1.683		1.683
Capital Receipts – Land Sales	0.000	0.000		0.005
Capital Funded from Current Revenue	27.162	27.162		8.401
Prudential Borrowing	17.302	23.331		0.000
Scottish Government Specific Grant:				
- New Build	16.632	12.036		5.360
- Open Market Purchase Scheme	2.700	5.264		0.000
- Mortgage to Rent	<u>0.120</u>	<u>0.120</u>		<u>0.131</u>
	<u>63.916</u>	<u>69.596</u>		<u>15.580</u>