

Report

Report to:	Executive Committee
Date of Meeting:	1 February 2023
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Programme 2022/2023 Update and Monitoring for Period 10 – 1 April 2022 to 29 December 2022
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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 29 December 2022

2. Recommendation(s)

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

- (1) that the Period 10 position (ended 29 December 2022) 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 29 December 2022. 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. **2022/2023 Budget:** The budget agreed at Executive Committee on 30 November 2022 was £78.272 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 this meeting on 30 November 2022.

4.2. The total programme of £78.272 million includes new adjustments to the programme, which are proposed in this report at Appendix 1. These adjustments total £0.531 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 revised Programme, including the movement from the last report, is detailed in Appendix 2.
- 4.4. Programmed funding for the year also totals £78.272 million. The funding available to support the programme is detailed in Appendix 3. Since the last report to this Committee, there has been a change to the funding package and this is detailed in section 4.5 below:
- 4.5. **General Capital Grant:** In December 2022, the Scottish Government revised our 2022/2023 General Capital Grant allocation to £32.074 million, an increase of £0.202 million. Given the late notification of this additional funding, any new projects are unlikely to be designed and completed prior to the end of this financial year. As a result, this additional allocation of £0.202 million will be used to fund the existing Capital Programme and reduce the Council's level of borrowing.
- 4.6. **2022/2023 Outturn**
Work has been ongoing to clarify the predicted spend position for the General Services Capital Programme for this financial year and this is detailed in sections 4.7 to 4.9.
- 4.7. Current estimates from Resources suggest an outturn of £73 million. Against the revised budget of £78.272 million this outturn means a net underspend across Resources of £5.3 million. This is made up of project underspends totalling £9.7 million offset by projects with greater than anticipated spend of £4.4 million.
- 4.8. The majority of the variance is due to the timing of spend, resulting in budget required in 2023/2024 rather than 2022/2023. The progression of a number of projects has been impacted by current market conditions, resulting in material shortfalls and longer lead in times. These underspends have been partially offset by a few projects where there are budget overspends predicted this financial year (Jackton Primary School and Oracle Fusion). Again, this is a timing issue only with funding for the overall spend on these projects already identified into the next financial year.
- 4.9. In addition, £0.150 million relates to savings achieved on works completed within the Lanark Interchange Park and Ride project this financial year. As this project has been funded by Strathclyde Passenger Transport (SPT), this saving will be returned to SPT.
- 4.10. A list of the main projects with anticipated underspends which are responsible for the overall underspend of £9.7 million, as detailed in section 4.7, and which will now complete in 2023/24 is included in Appendix 4, along with their anticipated completion dates.
- 4.11. **Period 10 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 £78.272 million.
- 4.12. Appendix 3 also shows budget for the period of £36.049 million and spend to 29 December 2022 of £37.238 million, an overspend of £1.189 million. This is mainly due to the timing of spend in relation to the Jackton Primary School project (£1.2m), within Community and Enterprise Resources) and the Oracle Fusion project within Finance and Corporate Resources (£0.699m). This is offset by a number of smaller underspends across the rest of the Programme.
- 4.13. Actual funding received to 29 December 2022 is £60.718 million.

- 4.14. Relevant officers will continue to closely monitor the generation of all income.

5. Housing Capital Programme

- 5.1. **2022/23 Budget:** Appendix 5 summarises the position on the Housing programme as at 29 December 2022. The revised capital programme for the year was £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 4.

- 5.3. **2022/23 Outturn:** Current estimates from Housing and Technical Resources suggest an outturn of £66.361 million. It should be noted there is potential for an underspend within the Housing Capital Programme due to the extreme weather experienced in December 2022, which caused flooding damage to a number of Council properties. As a result, operatives from Property Services have been diverted away from capital investment to tackle urgent repairs.

- 5.4. **Period 10 Position:** Budget for the period is £40.639 million and spend to 29 December 2022 amounts to £40.525 million, an overspend of £0.114 million.

- 5.5. As at 29 December 2022, £40.525 million of funding had been received.

- 5.6. 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)

11 January 2023

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ Executive Committee, 24 August 2022
- ◆ Executive Committee, 30 November 2022

List of Background Papers

Capital Ledger prints to 29 December 2022

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 2022/23
GENERAL SERVICES PROGRAMME
FOR PERIOD 1 APRIL 2022 TO 29 DECEMBER 2022

Proposed Adjustments

Community and Enterprise Resources

Gilmourton Play Park, Sandford - Redevelopment

Approval is sought to increase the 2022/23 Capital Programme by £0.102 million to redevelop the existing Gilmourton Play Area, in partnership with Sandford and Upper Avon Community Council. £0.102m

Funding contributions totalling £0.102 million have been secured from the Renewable Energy Fund (£0.061m), EB Scotland (£0.025m), Banks Renewable (£0.010m) and Snabe Quarry (£0.006m).

Due to the lead-in times associated with the supply of play equipment, approval is sought to slip this funding into financial year 2023/2024. (£0.102m)

Libberton Primary School - Outdoor Play

Approval is sought to increase the 2022/2023 Capital Programme by £0.052 million to enable the development of an outdoor play area at Libberton Primary School. £0.052m
The project will be funded by a contribution from Clyde Windfarm (£0.052m).

Due to the lead in times associated with the supply of play equipment, approval is sought to slip this funding into financial year 2023/2024. (£0.052m)

Symington Play Park Redevelopment

Approval is sought to increase the 2022/2023 Capital Programme by £0.123 million to enable the redevelopment of Symington Play Park, in partnership with Symington Community Council. The project will be funded by Clyde Windfarm (£0.123m). £0.123m

Due to the lead in times associated with the supply of play equipment, approval is sought to slip this funding into financial year 2023/2024. (£0.123m)

Synthetic and Grass Pitches - Hamilton Palace Grounds Sports Pitches

The 2022/2023 Capital Programme already includes an allocation (£0.301m) to renovate and re-configure the existing pitches at Hamilton Palace Sports Ground. The tender exercise is now complete and further developer contributions of £0.029 million which have already been received for the Hamilton Area, have been identified to augment the existing budget allocation. This will allow the project to progress. £0.029m

Due to the profiling of project expenditure, this element of funding will not be required until 2023/2024. Approval is sought to slip this additional funding of £0.029 million into the 2023/2024 Capital Programme. (£0.029m)

Priory Changing Pavilion, Blantyre

Approval is sought to increase the 2022/23 Capital Programme by £0.275 million to replace the existing changing pavilion at the Priory, Blantyre with new modular accommodation. This will be funded by developer contributions from the Blantyre £0.275m (£0.050m)

area (£0.225m), which have already been received by the Council, and augmented by a contribution of £0.050 million from the Prioritised Urgent Investment Fund. (£0.225m)
Due to the project timescales, the majority of this funding will slip into financial year 2023/2024.

TOTAL ADJUSTMENTS	-
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APPENDIX 2

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2022/23
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2022 TO 29 DECEMBER 2022

£m

Total Budget (Executive Committee – 30 November 2022) **78.272**

Proposed Adjustments – Period 10 (Section 4.2 and Appendix 1) -

Total Revised Budget (Executive Committee – 1 February 2023) **78.272**

<u>Resource</u>	<u>2022/23 Budget</u>	<u>Period 10 Proposed Adjustments</u>	<u>Revised 2022/23 Budget</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Community & Enterprise	48.270	0.050	48.320
Education	13.918	-	13.918
Finance & Corporate	3.695	-	3.695
Housing & Technical	8.486	(0.050)	8.436
Social Work	3.903	-	3.903
Other Match Funding	-	-	-
TOTAL CAPITAL PROGRAMME	78.272	-	78.272

APPENDIX 3

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2022/23
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2022 TO 29 DECEMBER 2022

	<u>2022/23</u> <u>Original</u> <u>Estimate inc</u> <u>C/F</u>	<u>2022/23</u> <u>Revised</u> <u>Budget</u>	<u>2022/23</u> <u>Budget to</u> <u>29/12/22</u>	<u>2022/23</u> <u>Actual to</u> <u>29/12/22</u>
Expenditure	£m	£m	£m	£m
General Fund Programme	95.232	78.272	36.049	37.238
Income	<u>2022/23</u> <u>Budget</u>	<u>2022/23</u> <u>Revised</u> <u>Budget</u>		<u>2022/23</u> <u>Actual</u> <u>To</u> <u>29/12/22</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	3.865		1.511
Scottish Government:				
- Capital Grant	22.424	32.074		21.658
- Cycling, Walking and Safer Routes	2.154	2.887		0.000
- 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 Infrastructure	0.118	0.118		0.089
- NSS Tec	0.000	0.040		0.040
Glasgow City Region City Deal	0.000	0.000		0.000
Capital Receipts	1.000	1.000		0.845
Specific Reserves	0.534	1.400		1.400
Revenue Contribution	0.031	0.514		0.514
TOTAL FUNDING	95.232	78.272		60.718

APPENDIX 4

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2022/23
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2020 TO 29 DECEMBER 2022

Projects with Projected Underspends in 2022/23 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	March 2024
Play Parks - Various	Infrastructure	Throughout 2023/24 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	July 2023
Town Centre Regeneration Fund	Regeneration	Throughout 2023/24
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 2023/24
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 2023/24
Finance and Corporate Resources		
Digital Tools	Infrastructure	Throughout 2023/24
Digital Connectivity	Infrastructure	Throughout 2023/24
Digital Transformation	Infrastructure	Throughout 2023/24

APPENDIX 4 (continued)

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2022/23
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2020 TO 29 DECEMBER 2022

Projects with Projected Underspends in 2022/23 which will Carry Forward into 2023/2024		
Project Name	Project Name	Project Name
Housing and Technical Resources		
Prioritised Urgent Investment	Refurbishment	Throughout 2023/24
Principal Offices - Fabric and Service Investment	Refurbishment	Throughout 2023/24
Lifecycle Replacement Schools	Refurbishment	Throughout 2023/24
New Cross Shopping Centre - Roof	Refurbishment	Throughout 2023/24
Civic Centre Fabric Upgrade	Refurbishment	Throughout 2023/24
Communities Facilities Fund	Refurbishment	Throughout 2023/24
CEEF Programme	Refurbishment	Throughout 2023/24

APPENDIX 5

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2022/23
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2022 TO 29 DECEMBER 2022

	<u>2022/23</u> <u>Original</u> <u>Budget</u> £m	<u>2022/23</u> <u>Revised</u> <u>Budget</u> £m	<u>2022/23</u> <u>Budget to</u> <u>29/12/22</u> £m	<u>2022/23</u> <u>Actual to</u> <u>29/12/22</u> £m
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Expenditure

2022/23 Budget Incl. adjustment from 2021/22	52.230	66.361	40.639	40.525
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	<u>2022/23</u> <u>Original</u> <u>Budget</u> £m	<u>2022/23</u> <u>Revised</u> <u>Budget</u> £m	<u>2022/23</u> <u>Actual to</u> <u>29/12/22</u> £m
INCOME			
Capital Receipts	0.000	7.311	6.314
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	3.440
Scottish Government Specific Grant:			
- New Build	2.242	4.048	4.648
- Open Market Purchase Scheme	1.800	2.370	0.000
- Mortgage to Rent	0.120	0.120	0.055
	52.230	66.361	40.525