

Report

Report to:	Executive Committee
Date of Meeting:	23 June 2021
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Budget Monitoring Final Outturn – 2020/21
----------	--

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Advise Committee of the outturn position of the General Services and Housing Capital Programmes for the year ended 31 March 2021; and
- ◆ Advise of the proportion of the programmes, expressed in financial terms, which have been carried forward for year 2021/22.

2. Recommendation(s)

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

- (1) that the outturn on the 2020/21 General Services Programme of £69.548 million (section 4 / Appendix 1), be noted;
- (2) that the carry forward of 2020/2021 projects into the 2021/2022 General Services Capital Programme totalling £11.100 million (section 4.6), be approved;
- (3) that the outturn on the 2020/21 Housing Capital Programme of £49.362 million (section 5.9), be noted;
- (4) that budget of £0.392 million is required to balance the 2020/2021 Housing Capital Programme (section 5.11), and that the reprofiling of the budget for future years Housing Capital Programmes (section 5.12), be approved; and
- (5) that the level of overall spend anticipated in 2021/2022, for both General Services and Housing Programmes, is the subject of a separate report to this Committee (sections 5.8 and 5.13), be noted;

3. Background

- 3.1. The General Services Capital Programme for 2020/2021 totalled £80.648 million, which included budget of £7.891 million for Covid-19. This reflects the programme agreed by Executive Committee on 23 September 2020 and the subsequent amendments made through regular monitoring reports throughout 2020/2021. As agreed at the recent Executive Committee (April 2021), the Covid-19 budget of £7.891m will now be available for the 2021/22 Capital Programme and details of this are included in a separate report to this Committee.
- 3.2. The Housing Capital Programme for 2020/2021 totalled £48.172 million. This programme was also approved by Executive Committee on 23 September 2020.
- 3.3. Section 4 of this report will provide a final outturn position on the 2020/2021 General Services and Housing Capital Programmes and will update members on the carry forward into the new financial year.

4. 2020/2021 Position

- 4.1. **General Services:** The total spend on Capital of £69.548 million is shown in Appendix 1. The 2020/2021 Capital spend incurred by Resources totals £59.766m. This is a reduction of £3.3 million in the outturn shown at period 12 (£63.100m). The main reasons for the movement include the timing of spend on projects which will now spend in 2021/22, including play parks (£0.250m), Town Centre Regeneration Fund (£0.440m), City Deal Community Growth Areas (£0.630m), Greenhills Road (£0.500m), Roads Carriageways (£1.020m) and Caird Data Centre (£0.410m) Appendix 1 also shows the funding sources for capital this spend.
- 4.2. Overall, the main projects that have underspent this year are detailed in Appendix 2. The underspend reflects a variation from the expected timing of project spend in 2020/2021. Funding will carry forward into next financial year. The overall level of spend on the 2021/2022 Capital Programme will be discussed in a separate report to this Committee.
- 4.3. **Year End and Accounting Adjustments:** Included within the total spend for the year of £69.548 million is £9.782 million on a project brought forward from the 2021/22 capital programme for Spend to Save on previously leased assets. Funding for this project has also been brought forward from 2020/21. This has been accounted for in 2020/21 to allow the full years saving to be made in 2021/22. There may be the potential to generate further revenue savings in 2022/23 by purchasing further assets - this will be dependent on availability of capital funding and assets which are due to be replaced.
- 4.4. Accounting Regulations mean that adjustments are required to report spend correctly as either Capital or Revenue for the purposes of publishing our Annual Accounts. This includes where spend from the Capital Programme is on assets that are not owned by the Council (for example expenditure on Shawfield Industrial Estate) or where spend must be classed as Revenue due to the nature of the spend. This adjustment has no physical impact on projects – it is an accounting entry only.
- 4.5. From reviewing the Council's Revenue and Capital spend, £0.983 million of Capital spend is required to be recorded as Revenue spend. Conversely, £1.957 million of Revenue spend should be recorded as Capital. These transfers mean that for the purpose of publishing our Annual Accounts only, there is Capital spend of £70.522 million.
- 4.6. **Carry Forward to 2021/2022:** Reflecting the spend made in 2020/21 and the requirement for the balance of budget available to be carried forwards to undertake approved projects £11.100 million will carry forward into financial year 2021/22.
- 4.7. The overall base programme for 2021/2022 including this carry forward of £11.100 million will be considered in a separate report to this Committee. This separate report reviews the programme for the coming year detailing the overall level of spend achievable.
- 4.8. **Housing Programme** Appendix 3 shows the budget for the year of £48.172m. The actual expenditure on the Housing programme was £49.362 million. The net overspend of £1.190 million is a combination of accelerated spend on the provision of additional housing supply offset by an underspend on other Housing Investment Programme projects delayed by COVID-19.

- 4.9. Housing and Technical Resources have also received additional one-off income totalling £1.882 million in relation to Renewable Heating Initiative / Feed in Tariffs, land sales and developer contributions. However, due to the reduced level of spend, and therefore income received on both Mortgage to Rent purchases (£0.184 million) and Open Market purchases (£0.900 million), the net impact of this was additional income of £0.798 million in 2020/21.
- 4.10. Taking into account the year-end overspend position of £1.190 million (section 5.9) and the additional income of £0.798 million (section 5.10), means there is the requirement to accelerate £0.392 million of funding from future years' Housing programmes into 2020/2021.
- 4.11. The Resource have reviewed the level of spend they expect to be achievable from their approved 2021/22 Capital Programme of £100.800 million. In order to accommodate the £0.392 million acceleration into 2020/2021 (section 5.11), and to reflect the profile of spend expected on the Housing Investment Programme in the coming years including the continuing uncertainty surrounding the impact of lockdown, the 2021/22 programme will be reduced by £6.441 million (6.3%), and the 2022/23 allocation increased by £6.049 million.

5. Employee Implications

- 5.1. None

6. Financial Implications

- 6.1. As detailed in the report

7. Other Implications

- 7.1. 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 and the outturn report shows an underspend at financial year end.

8. Equality Impact Assessment and Consultation Arrangements

- 8.1. 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.
- 8.2. 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)

2 June 2021

Link(s) to Council Values/Ambitions/Objectives

- Accountable, Effective, Efficient and Transparent

Previous References

- Executive Committee, 23 September 2020

List of Background Papers

- Capital ledger prints for the period 1 April 2020 to 31 March 2021

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

APPENDIX 1

SOUTH LANARKSHIRE COUNCIL CAPITAL EXPENDITURE 2020/21 GENERAL FUND PROGRAMME FOR PERIOD 1 APRIL 2020 TO 31 MARCH 2021

Expenditure	<u>2020/21</u> <u>Revised</u> <u>Budget</u> £m	<u>2020/21</u> <u>Actual to</u> <u>31/03/21</u> £m
General Fund Programme (Section 41 / 4.4)	80.648	69.548
<u>Accounting Adjustments</u> (Section 4.5):		
Less: Transfers to Revenue		(0.983)
Add: Year End Transfers to Capital		1.957
2020/2021 Outturn Position (Accounting Basis only)	<u>80.648</u>	<u>70.522</u>
Income		<u>2020/21</u> <u>Actual to</u> <u>31/03/21</u> £m
Prudential Borrowing		4.452
Developers Contributions		1.483
Partners (Including Strathclyde Partnership for Transport, Sustrans, Transport Scotland and Strategic Timber Transport Scheme)		4.121
Scottish Government:		
- Capital Grant		21.373
- Cycling, Walking and Safer Streets		0.989
- Vacant and Derelict Land		0.266
- Early Years 1,140 Hours		13.180
- Regeneration Capital Grant		0.253
- Town Centre Regeneration Fund		0.191
- Travelling People's Sites		0.025
- Digital Inclusion		1.256
- COVID-19 Mitigation for School Transport		0.016
- Calderglen Gaelic Adaptations		0.074
Glasgow City Region City Deal		18.109
Specific Reserves		1.379
Revenue Contribution		3.355
TOTAL FUNDING		70.522

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2020/2021
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2020 TO 31 MARCH 2021

Projects with Underspends in 2020/21		
Project Name	Project Type	Completion Date
Community and Enterprise Resources:		
Play Parks (Abington, Carstairs Village and Wooddean)	Infrastructure	April 2021
Town Centre Regeneration Fund	Regeneration	September 2021
Hamilton HUB - New Cross Shopping Centre	Regeneration	March 2022
Abington Campus for Enterprise	Regeneration	December 2021
Extension of Cemeteries	Land Purchase	Throughout 2021/22
Memorial Headstones	Remedial works	Throughout 2021/22
Springhall Community Centre Upgrade	External Works	Spring 2021
Glengowan Primary School Extension (Glasgow City Region City Deal Programme)	Extension / Adaptations	Late Spring / Summer 2022
Calderside Academy (Glasgow City Region City Deal Programme)	Extension / Adaptations	December 2023
Roads Investment Programme	Roads	Throughout 2021/22
Cycling Walking & Safer Routes	Roads	July 2021
Sustrans - Various	Roads	May 2021
Stewartfield Way (Glasgow City Region City Deal Programme)	Roads	March 2025
Education Resources:		
St Charles Primary School - Additional Classroom	Extension	April 2021
St Mark's Primary School, Hamilton – Extension	Extension	June 2022
Millburn ELC (previously Newton Brae Nursery)	New Build –	August 2021
Kirkstyle ELC (previously Crawforddyke Nursery)	New Build	May 2021
Woodhill ELC (previously Blackwood/ Kirkmuirhill Nursery)	New Build	July 2021
Roof Top Nursery (previously East Kilbride - Shopping Centre Nursery)	Car park lining only	July 2021
Springlaw ELC (previously Springhall Nursery Centre)	New Build	July 2021
Education Information Communication Technology	ICT	Throughout 2021/22
Auchingramont Road	New Build	June 2021
Small Scale Adaptations	Adaptations	Throughout 2021/22

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2020/2021
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2020 TO 31 MARCH 2021

Projects with Underspends in 2020/21 (cont'd)		
Project Name	Project Type	Completion Date
Finance and Corporate Resources:		
IT Infrastructure Refresh	Infrastructure	May 2021
Caird Data Centre	Infrastructure	December 2021
Climate Change / Digital Transformation Fund	Infrastructure	March 2022
Housing and Technical Resources:		
Prioritised Urgent Investment	Refurbishment	Throughout 2021/22
Essential Services Fabric Upgrade	Refurbishment	Throughout 2021/22
Civic Centre Fabric Upgrade	Refurbishment	Throughout 2021/22
Gypsy Traveller Sites – Swinhill	Refurbishment	Throughout 2021/22
Central Energy Efficiency Fund 2020/21 Programme	Refurbishment	Throughout 2021/22
Social Work Resources		
New Care Facility – Blantyre	New Build	May 2022
Community Alarms	Infrastructure	June 2022

APPENDIX 3

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2020/21
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2020 TO 31 MARCH 2021

	<u>2020/21</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2020/21</u> <u>Actual to</u> <u>31/03/21</u> <u>£m</u>
EXPENDITURE		
2020/21 Budget incl carry forward from 2019/20	48.172	49.362
		<u>2020/21</u> <u>Actual to</u> <u>31/03/21</u> <u>£m</u>
INCOME		
Land Sales		0.309
Capital Funded from Current Revenue		18.134
Prudential Borrowing		11.808
Scottish Government Specific Grant:		
- New Build		15.898
- Open Market Purchase Scheme		1.545
- Mortgage to Rent		0.095
Miscellaneous Income		1.573
TOTAL FUNDING		49.362