

Report

Report to:	Executive Committee
Date of Meeting:	1 May 2019
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Budget 2018/2019 and Monitoring for Period 13 - 1 April 2018 to 1 March 2019
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update the Committee of progress on the General Fund Capital Programme and the Housing Capital Programme for the period 1 April 2018 to 1 March 2019

2. Recommendation(s)

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

- (1) that the Period 13 position (ended 1 March 2019) 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 Section 4.5, 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 1 March 2019. 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

4.1. 2018/2019 Budget

The budget agreed at Executive Committee on 13 March 2019 was £66.819 million. There are no new adjustments to the budget proposed in this report.

4.2. The programme spend and funding for the General Fund is summarised in Appendices 1 and 3. Total funding of £66.819 million is available in year.

4.3. 2018/2019 Outturn

In terms of the General Services Capital Programme, work is now ongoing to complete the year-end Accounts however current estimates from Housing and Technical Resources suggest an outturn of £60.978 million. This is an underspend of £5.841 million and relates mainly to projects within Community and Enterprise Resources (£4.232 million), Education Resources (£1.385 million) and Social Work Resources (£0.141 million). This outturn has reduced by £1.152 million from the underspend of £4.689 million reported at period 12.

4.4. In relation to the movement of £1.152 million, this mainly reflects slippage or savings identified on a number of projects within Community and Enterprise Resources (£1.399 million). The main elements are detailed below:-

4.5. Within the Roads Improvement Programme, anticipated expenditure has decreased by a further £1.029 million during period 13. £0.140 million of this is due to further savings now anticipated against the projects programmed for the current year in the Rutherglen/Cambuslang Area. This is in addition to the £0.389 million already identified for this area, resulting in totals savings of £0.529 million. As was the case previously, it is proposed that this further underspend be carried forward until financial year 2019/2020, when the monies will be spent when weather conditions improve.

4.6. The remainder of the reduction in expenditure (£0.889 million) is due to revised completion timescales. A number of Roads projects in the East Kilbride Area, with a total value of £0.500 million, have been identified as at significant risk and will now complete into the new year. The outturn has been reduced by £0.500 million to reflect this. Similarly, within the Clydesdale area, timescales for the completion of works has resulted in £0.389 million of expenditure now anticipated in 2019/2020.

4.7. Notwithstanding the above, of the 195 individual carriageway and footway schemes originally programmed, Roads expect to complete 192 (approx. 98% of the programme) by 31 March, with the outstanding 3 schemes being completed early in the new financial year.

4.8. The contract for the main works at Hamilton International Technology Park has been awarded and started on site in early April 2019. These timescales have resulted in a further £0.184 million of expenditure moving into 2019/2020. This is in addition to the £0.375 million reported previously. In addition, the timescales for the tender acceptance in relation to the hardstanding element of the Bin Storage Areas project mean expenditure of £0.074 million is anticipated in 2019/2020.

4.9. A list of the main projects which make up the underspend of £5.841 million, along with their anticipated completion dates, is included in Appendix 3.

4.10. 2018/2019 Monitoring

The programme spend and funding for the General Fund is summarised in Appendix 2. As noted in 4.1. above, the total capital spending programme for the year is £66.819 million.

4.11. Budget for the period is £56.307 million and spend to the 1 March 2019 is £51.707 million. This represents expenditure of £4.600 million behind profile. This is mainly due to the timing of spend within Community and Enterprise Resources. £3.300 million of this is within Roads Services of which £1.900 million relates to the Roads Improvement Programme and Roads Refurbishment projects. Slippage of £3.200 million has now been identified within Roads Service and is included in the projects detailed in Appendix 3.

4.12. In addition, the Glasgow City Region City Deal Community Growth Area project is £0.726 million behind and this relates to a small element of the works at Highstonehall Road, Hamilton which need to be completed before the work stage payment can be released. Furthermore, a contribution to the remediation of land at Shawfield – Phase Two, Rutherglen (£0.800 million) could not be processed until materials were received on site. The majority of the works at Highstonehall Road and the delivery of materials at Shawfield were complete by the end of the financial year.

4.13. Programme funding for the year totals £66.819 million. Actual funding received to 1 March 2019 is £60.055 million.

5. Housing Programme

5.1. 2018/2019 Budget

Appendix 4 summarises the position on the Housing programme as at 1 March 2019. The revised capital programme for the year is £53.664 million. Programmed funding for the year also totals £53.664 million.

5.2. 2018/2019 Outturn

In terms of the Housing Capital Programme, current estimates from Housing and Technical Resources suggest an outturn of £53.664 million.

5.3. 2018/2019 Monitoring

Budget for the period is £45.527 million and spend to 1 March 2019 amounts to £45.462 million. This represents expenditure of £0.065 million ahead of profile. This overspend relates to project programming and the timing of the actual spend on various projects.

5.4. As at 1 March 2019, £45.462 million of funding had been received.

5.5. 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)

27 March 2019

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Executive Committee, 13 March 2019

List of Background Papers

- ◆ Capital Ledger prints to 1 March 2019

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 1 MARCH 2019

APPENDIX 1

	£m	£m
2018/19 Budget including Carry Forward – 13 March 2019		66.819
Proposed Adjustments – Period 13		0.000
Total Revised Budget including Carry Forward		66.819

<u>Resource</u>	<u>Base</u> <u>2018/19</u> <u>Budget</u> <u>£m</u>	<u>Period 13</u> <u>Proposed</u> <u>Adjustments</u> <u>£m</u>	<u>Revised</u> <u>2018/19</u> <u>Budget</u> <u>£m</u>
Community & Enterprise	35.819	0.000	35.819
Education	21.417	0.000	21.417
Finance & Corporate	1.592	0.000	1.592
Housing & Technical	7.351	0.000	7.351
Social Work	0.640	0.000	0.640
Total	66.819	0.000	66.819

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

APPENDIX 2

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>01/03/19</u>	<u>01/03/19</u>
	<u>C/F</u>			
	£m	£m	£m	£m
General Fund Programme	70.625	66.819	56.307	51.707
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>01/03/19</u>
				£m
Prudential Borrowing	32.772	27.337		27.337
Heritage Lottery / Sportscotland Grant	0.124	0.406		0.305
Developers Contributions	1.550	1.541		1.520
Partners (Including SPT, Forestry Commission, Transport Scotland, Timber Income, and Renewable Energy Fund)	0.619	2.938		1.131
Scottish Government:				
- Capital Grant	27.607	27.607		25.306
- Cycling, Walking and Safer Streets	0.432	0.432		0.000
- Vacant and Derelict Land	2.316	1.566		1.566
- Early Years 1,140 Hours	0.970	0.635		0.635
- Regeneration Capital Grant	0.850	0.050		0.000
Glasgow City Region City Deal	0.000	2.052		0.000
Specific Reserves	1.244	2.255		2.255
Capital Receipts	0.500	0.000		0.000
Capital Financed from Current Revenue	1.641	0.000		0.000
TOTAL FUNDING	70.625	66.819		60.055

Projects with Underspends in 2018/19		
Project Name	Project Type	Completion Date
Community and Enterprise Resources		
Bin Storage Areas (section 4.8)	Infrastructure	May 2019
Demolition Programme	Demolition	August 2019
Upgrades to Community Infrastructure	Infrastructure	July 2019
Vacant and Derelict Land - Milton Brick Works, Carluke	Regeneration	December 2019
Vacant and Derelict Land - Millburn Colliery Site, Larkhall	Regeneration	December 2019
Vacant and Derelict Land - Glen Esk, East Kilbride	Regeneration	December 2019
Roads Investment Programme - Rutherglen and Cambuslang Area (section 4.5)	Infrastructure	Through 2019/20
Roads Investment Programme - East Kilbride Area (section 4.6)	Infrastructure	Through 2019/20
Roads Investment Programme - Clydesdale Area (section 4.6)	Infrastructure	Through 2019/20
Greenhills Road	Infrastructure	June 2020
Lanark Park and Ride	Infrastructure	March 2020
Traffic Signal (Caird Street/Bothwell Road)	Infrastructure	June 2019
Hamilton Information Technology Park - University Infrastructure work (section 4.8)	Infrastructure	June 2019
Education Resources		
Education Information Communication Technology	ICT	Through 2019/20
Ridgepark School, Lanark - Demolition	Demolition	May 2019
Housing and Technical Resources		
Civic Centre Fabric Upgrade - Main Works	Refurbishment	September 2019
Headquarters Fabric Upgrade	Refurbishment	March 2020
Social Work Resources		
Replacement Care Facilities	Infrastructure	March 2021

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

APPENDIX 4

	<u>2018/2019</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2018/2019</u> <u>Estimate to</u> <u>01/03/19</u> <u>£m</u>	<u>2018/2019</u> <u>Actual to</u> <u>01/03/19</u> <u>£m</u>
Expenditure			
2018/19 Budget incl carry forward from 2017/18	53.664	45.527	45.462
	<u>2018/19</u> <u>Annual</u> <u>Budget</u> <u>£m</u>		<u>2018/19</u> <u>Actual to</u> <u>01/03/19</u> <u>£m</u>
Income			
Capital Receipts – House Sales	0.000		0.081
Capital Receipts – Land Sales	2.000		2.324
Capital Funded from Current Revenue	23.730		23.730
Prudential Borrowing	21.602		14.794
Specific Grant			
- Scottish Government – New Council Houses	4.963		2.892
- Scottish Government – Buy Backs	0.900		0.690
- Scottish Government – Mortgage to Rent	0.120		0.037
- Scottish Natural Heritage	0.349		0.000
Other Income	0.000		0.914
TOTAL FUNDING	53.664		45.462