

Report

Report to:	Executive Committee
Date of Meeting:	21 June 2023
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Budget Monitoring Final Outturn – 2022/2023
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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 2023
- ◆ advise of the projects expressed in financial terms, which have been carried forward into year 2023/2024

2. Recommendation(s)

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

- (1) that the outturn on the 2022/2023 General Services Programme of £65.736 million (section 4.1), be noted;
- (2) that approval be given for the £12.660 million of General Services Capital Programme to be carried forward into 2023/2024 (section 4.2);
- (3) that the outturn on the 2022/2023 Housing Capital Programme of £60.695 million (section 4.7), be noted;
- (4) that approval be given for the £8.081 million of Housing Capital Programme to be carried forward into future years' (section 4.9); and
- (5) that it be noted that the level of overall spend anticipated in 2023/2024, for both the General Services and Housing Capital Programmes is the subject of a separate report to this Committee (sections 4.6 and 4.9).

3. Background

- 3.1. The General Services Capital Programme for 2022/2023 totalled £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 29 March 2023.
- 3.2. The Housing Capital Programme for 2022/2023 totalled £66.361 million. This was approved by the Executive Committee on 24 August 2022.
- 3.3. Section 5 of this report will provide a final outturn position on the 2022/2023 General Services and Housing Capital Programmes and will update members on the carry forward into the new financial year.

4. Financial Implications

- 4.1. **General Services:** Appendix 1 shows the total expenditure of £65.736 million on the General Fund Capital Programme for year 2022/2023. This is compared to the budget of £78.396 million and results in an underspend of £12.660 million. This underspend

relates to projects within Community and Enterprise Resources (£12.121m) and Housing and Technical Resources (£3.553m) with greater spend than anticipated achieved within Education Resources (£1.424m), Finance and Corporate Resources (£1.283m) and Social Work Resources (£0.307m).

- 4.2. Overall, the programme underspend reflects the timing of spend across financial years. The main projects responsible for the overall programme underspend of £12.660 million are detailed in Appendix 2. This appendix provides a list of the continuing projects into 2023/2024, along with their estimated completion dates.
- 4.3. **Year End and Accounting Adjustments:** 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 Shawfield Industrial Estate spend) 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.
- 4.4. From reviewing the Council's Revenue and Capital spend, £3.128 million of capital spend is required to be recorded as Revenue spend. Conversely, £0.364 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 £62.972 million. The funding sources for this spend are detailed in Appendix 2.
- 4.5. **Carry Forward to 2023/2024:** As noted in 4.2, the year-end underspend is £12.660 million. This £12.660 million will carry forward into financial year 2023/2024.
- 4.6. The overall base programme for 2023/2024 including this carry forward of £12.660 million will be included in a further report to this Committee. This separate report will propose the programme for the coming year by focussing on the overall level of spend achievable.
- 4.7. **Housing Programme** Appendix 4 shows the budget for the year of £66.361 million. The actual expenditure on the Housing programme was £60.695 million, a net underspend of £5.666 million. This is due to a number of factors, mainly, property services operatives being diverted to tackle the impact of bad weather in December which resulted in flooding damage to a number of Council properties and delays in relation to the expected milestone payments for the Kirk Street, Strathaven new build project. In addition, environmental surveys on external fabric projects have required work to be paused due to the suspected presence of bats which, in turn, has delayed owner consultations. There has also been reduced owner uptake for external works and the service has also experienced higher than normal volumes of no access for legislative works.
- 4.8. Housing and Technical Resources have also received additional one-off income totalling £2.415 million in relation to Renewable Heating Initiative / Feed in Tariffs, land sales, developer contributions and Scottish Government Grants. This will be added to the overall funding available for the Housing Programme.
- 4.9. Taking into account the year-end underspend position of £5.666 million (section 4.7) and the additional income of £2.415 million (section 4.8), means a carry forward of £8.081 million. This will be added into the Capital Programme when the spend profile has been finalised.

5. Employee Implications

5.1. None.

6. Financial Implications

6.1. Financial implications are contained within Section 4 of this report.

7. Climate Change, Sustainability and Environmental Implications

7.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in 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)

2 June 2023

Link(s) to Council Values/Priorities/Outcomes

♦ Accountable, Effective, Efficient and Transparent

Previous References

- ♦ Executive Committee, 24 August 2022
- ♦ Executive Committee, 29 March 2023

List of Background Papers

♦ Capital Ledger prints to 31 March 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 FUND PROGRAMME
FOR PERIOD 1 APRIL 2022 TO 31 MARCH 2023

Expenditure	<u>2022/2023</u> <u>Revised</u> <u>Budget</u> £m	<u>2022/2023</u> <u>Actual to</u> <u>31/03/23</u> £m
General Fund Programme (Section 4.1)	78.396	65.736
<u>Accounting Adjustments</u> (Sections 4.3 and 4.4):		
Less: Transfers to Revenue		(3.128)
Add: Year End Transfers to Capital		0.364
2022/2023 Outturn Position (Accounting Basis only)	<u>78.396</u>	<u>62.972</u>
Income		<u>2022/2023</u> <u>Actual to</u> <u>31/03/23</u> £m
Prudential Borrowing		19.042
Developer Contributions		0.059
Partners (Including SPT, REF, Clyde Wind Farm and Energy Saving Trust)		2.655
Scottish Government:		
- Capital Grant		32.074
- Cycling, Walking and Safer Routes		2.665
- Vacant and Derelict Land		0.060
- Regeneration Capital Grant		1.096
- Town Centre Regeneration Fund		0.087
- Place Based Investment Programme		0.857
- Electric Vehicle Infrastructure		0.209
- NSS Tec		0.040
Glasgow City Region City Deal		3.254
Specific Reserves		0.874
Revenue Contribution		-
TOTAL FUNDING		62.972

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2022/2023
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2022 TO 31 MARCH 2023

Projects with Underspends in 2022/2023 which will Carry Forward into 2023/2024		
Project Name	Project Type	Est. 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
Bin Storage Areas	Infrastructure	March 2024
Chatelherault Allotments	Infrastructure	July 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
Hamilton Palace Grounds Sports Pitches	Infrastructure	June 2023
Priory Changing Pavilion, Blantyre	Refurbishment	March 2024
Town Centre Regeneration Fund	Regeneration	Throughout 2023/2024
Rural Development Centre – Lanark Racecourse	Regeneration	March 2024
New Cross Shopping Centre – Vaccination Centre	Regeneration	July 2023
EK Civic Relocation / Near to Home	Regeneration	Throughout 2023/2024
2022/2023 Place Based Investment Fund	Regeneration	September 2023
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
City Deal – Stewartfield Way	Infrastructure	Throughout 2023/2024
City Deal – Greenhills Road – Landscaping / Rest	Infrastructure	September 2023
Roads Investment Programme	Infrastructure	June 2023
Footpaths and Roads Improvement Fund	Infrastructure	June 2023
Clyde Bridge	Infrastructure	Throughout 2023/2024
Sustrans Projects – Various	Infrastructure	Summer 2023
Daer Bridge	Infrastructure	December 2023
Roads Depots Salt Barns – Hawbank	Improvements	December 2023
SPT – Lanark Park and Ride	Resurfacing	Summer 2023
Cycling, Walking and Safer Routes	Infrastructure	Summer 2023

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2022/2023
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2022 TO 31 MARCH 2023

Projects with Underspends in 2022/2023 which will Carry Forward into 2023/2024		
Project Name	Project Type	Est. Completion Date
Education Resources		
Castlefield Primary School Extension	Extension	July 2023
Crawforddyke adaptation of nursery to classrooms	Adaptations	June 2023
Uddingston Nursery Expansion	Adaptations	August 2024
Woodside Primary School	Adaptations	August 2024
First Steps Nursery, Hamilton	Adaptations	May 2024
2022/2023 Free School Meals	Adaptations	Throughout 2023/2024
Clyde Terrace Early Years	New Build	November 2023
St Andrews and St Brides High School - Design	Extension	June 2024
Small Scale Adaptations	Adaptations	Throughout 2023/2024
Finance and Corporate Resources		
IT Infrastructure Refresh	Infrastructure	Throughout 2023/2024
Digital Tools	Infrastructure	Throughout 2023/2024
Digital Connectivity	Infrastructure	Throughout 2023/2024
Digital Transformation	Infrastructure	Throughout 2023/2024
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
Lock Up Areas	Infrastructure	Throughout 2023/2024
New Cross Shopping Centre - Roof	Refurbishment	December 2023
Council Offices – Brandon Gate	Infrastructure	December 2023
Civic Centre Fabric Upgrade	Refurbishment	Throughout 2023/2024
Communities Facilities Fund	Refurbishment	Throughout 2023/2024
CEEF Programme	Refurbishment	Throughout 2023/2024

APPENDIX 3

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2022/23
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2022 TO 31 MARCH 2023

	<u>2022/2023</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2022/2023</u> <u>Actual to</u> <u>31/03/23</u> <u>£m</u>
EXPENDITURE		
2022/2023 Budget	66.361	60.695
incl carry forward from 2022/22		
		<u>2022/2023</u> <u>Actual to</u> <u>31/03/23</u> <u>£m</u>
INCOME		
Capital Receipts		7.997
Capital Receipts – Land Sales		0.030
Capital Funded from Current Revenue		26.050
Prudential Borrowing		14.383
Scottish Government Specific Grant:		
– New Build		7.820
– Open Market Purchase Scheme		2.633
– Mortgage to Rent		0.082
Miscellaneous Income		1.700
TOTAL FUNDING		60.695