

Report

Report to: **South Lanarkshire Council**
Date of Meeting: **21 February 2024**
Report by: **Chief Executive**

Subject: **2024/2025 Capital Programme Update**

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Provide the Council with a proposed General Services Capital Programme for financial year 2024/2025, reflecting the spend requirements identified by Resources and the availability of funding.

2. Recommendation(s)

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

- (1) that the 2024/2025 Capital Programme totalling £49.512 million (Section 4.23) and detailed in Appendix 3 be approved; and
- (2) that the proposal to fund Larkhall Leisure Centre over the period to 2027/2028, as covered at section 4.10 to 4.14, be approved.

3. Background

- 3.1. A proposed capital programme for 2024/2025 has been drafted for consideration by Members. This is presented in section 4 and takes consideration of ongoing programmes of work and priorities, commitments from the approved Glasgow City Region City Deal Programme, as well as incorporating the programme moves and additions from financial year 2023/2024.
- 3.2. The funding available in-year is discussed at Section 5 and includes details of the Council's grant allocations received as part of the 2023/2024 Local Government Finance Settlement released on 21 December 2023. Capital Grant for 2024/2025 has seen a significant reduction of £1.9 million on the funding available in financial year 2023/2024. There have also been reductions in funding allocated to partner organisation which impact on Council projects, and this is discussed further in section 5.
- 3.3. The areas of capital investment which may be required in future financial years are considered in Section 6.
- 3.4. Finally, section 7 provides an update on the principles underpinning the Capital Investment strategy in line with the main requirements of the Prudential Code.

4. Proposed 2024/2025 Capital Programme

- 4.1. In establishing a Capital Programme for financial year 2024/2025, consideration needs to be given to the level of spend required, against the funding available. Spend requirements can come from ongoing programmes of work which require investment to continue, new priority projects identified for 2024/2025 and any approved

commitments from previous financial years. These commitments include projects approved as part of the Glasgow City Region City Deal Programme and Education Growth and Capacities Programme (Secondary School Estate). The reduction in General Capital Grant funding, as detailed in Section 3.2, has had an impact on the level of spend proposed. Each of these areas of spend is taken in turn in sections 4.2 to 4.22.

- 4.2. **Ongoing Programmes of Work (£18.200m):** There are a number of projects which need to be included in the capital programme to support ongoing programmes of work. These total £18.200 million for 2024/2025 (and are in addition to monies slipped from previous years for these projects). The projects and their values are noted in Appendix 1. The level of funding provided to these ongoing programmes of work takes cognisance of the reduced General Capital Grant provided in 2024/2025 – without the cut in grant funding, more could have been spent on these capital projects in 2024/2025. This is discussed further in Section 5.2.
- 4.3. **New Priorities Identified for 2024/2025 (£1.500m):** In addition to the projects already identified through existing programmes of work, it is proposed that a project totalling £1.5 million be considered for inclusion in the 2024/2025 Capital Programme for **Public Switched Telephone Network/Alarms**. Following the national programme to modernise the UK's telecommunications infrastructure, there is a requirement to transfer Council lift and alarm lines, small switches and other public switched telephone network lines from analogue to digital before December 2025. This capital allocation will allow the Council to move analogue systems to digital before analogue systems can no longer be used. Alongside this, there is the change to Scottish Fire and Rescue policy changes re call outs.
- 4.4. **Specific Capital Projects (£1.865m):** In addition to the projects detailed above, the Local Government Finance Settlement received on 21 December 2023 allocated £1.865 million of grant funding for specific projects. This includes specific grants for Vacant and Derelict Land (£0.425m) and Cycling, Walking and Safer Routes (£1.440m). These projects have been included in the expenditure requirements for 2024/2025.
- 4.5. The Scottish Government have still to confirm the General Capital Grant funding which will be made available in 2024/2025 to continue the Renewal of Play Parks and Free School Meals Programmes. These additional allocations will be added to the 2024/2025 Capital Programme for these projects, when they are made available.
- 4.6. **Glasgow City Region City Deal (£4.747m):** There are a number of projects which are being progressed as part of the Glasgow City Region City Deal Programme and allocations for these require to be added to the 2024/2025 Capital Programme. These projects include the Lanark Road Signalisation project at Larkhall, the Hamilton Roads project at Woodfoot Road/Wellhall Road, Hairmyres Park and Ride, Uddingston Grammar and St Andrew's and St Bride's High School. Based on current predictions, additional spend totalling £4.747 million will be incurred in 2024/2025. This excludes slippage from the 2023/2024 Programme (refer section 4.19). This will be funded by borrowing, in line with the approved funding package for the City Deal programme, along with developer contributions for St Andrew's and St Bride's High School (£1.4 million).
- 4.7. **Clyde Gateway (£0.800m):** A commitment of £0.800 million has been identified as a continuation of our previous support in relation to the Clyde Gateway Regeneration Programme.

- 4.8. **Leisure and Culture Transformation Fund:** As part of the 2023/2024 Revenue Budget, members approved an allocation of £1.182 million to pay for the cost of borrowing £13 million of capital investment for a Leisure and Culture Transformation Fund. The fund will help modernise the leisure and culture estate, optimise use of assets and assist in the transition towards net zero.
- 4.9. A process for identifying projects is being drafted and initial proposals will be brought back to Members at the start of the financial year (May Executive Committee). When the profile of project spend is known, this funding will be added to the Capital Programme as required.
- 4.10. **Larkhall Leisure Centre:** Funding of £11.900 million has previously been approved for the replacement of Larkhall Leisure Centre: Council (£6 million), City Deal (£3 million), Place Based Investment Funding (£1.600 million), Shared Prosperity Fund (£1 million) and Capital Regeneration Fund (£0.300 million). £0.077 million of spend has been spent in previous financial years with a further £0.404 million budget included in the 2023/2024 Capital Programme with the balance being slipped from 2023/2024 into the Programme for 2024/2025 (see section 4.19 '2023/2024 Movements').
- 4.11. This funding will be insufficient to cover the anticipated cost of the project with the current budget gap estimated to be £12 million. It is proposed that an additional £12 million be earmarked in future Capital Programmes to address this shortfall and allow the project to progress. The proposal is detailed in sections 4.12 and 4.13 below.
- 4.12. Due to the complex nature and scale of this build, the expenditure is anticipated to cover several financial years (2024/2025 to 2026/2027). In order to deliver this new facility, we can look to the overall expected spend profile for projects and when funding is needed. As a result, it is proposed that £6 million be included in the 2025/2026 Capital Programme for this new facility. This can only be facilitated by reducing the allocations to the core projects in 2025/2026 by £6 million which includes those projects covered under 'Ongoing Programmes of Work' (section 4.2).
- 4.13. The remaining £6 million would require to be identified from the capital programme for 2026/2027 and it is proposed that £3 million of our capital funding could be allocated to this project in 2026/2027 which means that £3 million less will be spent on core projects in that year. It is proposed that the remaining £3 million required to fund the Leisure Centre can be managed from capacity within the amount we have set aside for borrowing (2026/2027). This capacity exists because the City Deal Stewartfield Way project is taking longer than we had originally planned. In time, however, this funding needs to be replaced. Therefore in 2027/2028 the first £3 million of capital grant funding would require to be earmarked for City Deal Stewartfield Way – this again means that £3 million less will be spent on core projects in 2027/2028.
- 4.14. Given the timescales involved in design and tendering, only an element of the overall project budget will be required in 2024/2025, and £1.5 million has been included at this point in time in 2024/2025. This funding plan is intended to match the expected time period over which the project will be delivered. When this funding proposal is approved, work will commence on design, planning and construction of this facility. The balance of the original approved funding from previous financial years of £9.919 million has been slipped from 2024/2025 into the Programme for 2025/2026 (see section 4.20 '2024/2025 Movements').

- 4.15. **Projects Approved During Previous Financial Years (£6.827m):** Specific projects were approved by Council Committees during previous financial years and for 2024/2025 the remaining budget allocations for these projects will be required for: Our Lady of Lourdes (£5.126 million – Executive Committee, 11 October 2023), Carluke High Mill (£0.485 million – Executive Committee, 13 September 2023), SLC Industrial Estate – Energy Efficiency (£0.883 million – Executive Committee, 24 January 2024), Clyde Bridge (£0.173 million – Executive Committee, 2 November 2022) and Public Space CCTV (£0.160 million, Executive Committee, 13 September 2023).
- 4.16. The total relating to projects approved in previous years is £6.827 million.
- 4.17. **Secondary School Estate – Future Capacity Issues:** In September 2022 the Executive Committee approved the extension of 4 secondary schools to help alleviate capacity pressures (Holy Cross High School, St Andrew's and St Bride's High School, Uddingston Grammar and Calderside Academy). These projects had an estimated project cost of £22.8 million, which would be substantially funded from City Deal and Developer Contributions along with a bid to the Scottish Government's Learning Estate Improvement Programme (LEIP).
- 4.18. It has now been confirmed that the bid to LEIP has been unsuccessful. As reported to the Executive Committee previously, should the LEIP funding bids be unsuccessful then we would need to review the financial position in the wider context of the capital programme. It is proposed that the loss of LEIP funding is managed through using the Developer Contributions previously earmarked for the KEAR Campus project (Executive Committee – September 2022). Education Resources is now considering options regarding the scope and nature of the KEAR project.
- 4.19. **2023/2024 Movements (£40.008m):** In addition to the projects identified above, there were project movements from 2023/2024 into 2024/2025 which were approved by Executive Committee throughout the year, up to and including the meeting on 24 January 2024. These movements total £40.008 million and reflect the 2023/2024 budget not required in year.
- 4.20. **2024/2025 Movements (£23.390m):** Resources have confirmed that projects totalling £23.390 million are not required in financial year 2024/2025 – these projects will be reinstated into the 2025/2026 Capital Programme. A breakdown of these projects is included in Appendix 2. The impact of this has been included within the full analysis of the proposed 2024/25 capital programme included in Appendix 3.
- 4.21. **Reduction in Match Funding Requirements (£1.045m):** Funding was provided as part of the 2022/2023 Capital Programme to strengthen any future bid applications to UK Government Funding pots including Levelling Up Fund (LUF). Confirmation has now been received that the Three Rivers/Clydesdale Way project has been successful in its bid for LUF. This bid is being led by Dumfries and Galloway Council with match funding of £0.755 million required from South Lanarkshire Council in financial year 2025/2026.
- 4.22. The Shawfield Remediation and Development project has also been successful in obtaining LUF funding and no match is required from the Council. As a result, the balance of £1.045 million from the original £1.8 million provided can be removed from the Capital Programme. It is noted that the £0.8 million contribution to Clyde Gateway has already been reinstated (section 4.7).

- 4.23. **2024/2025 Capital Programme Summary:** Taking into account the proposals covered in sections 4.2 to 4.22 a budget of £49.512 million is required in 2024/2025. This is summarised in Table 1, with a full list of the projects which make up this £49.512 million detailed in Appendix 3.

Table 1: Compilation of the 2024/2025 Capital Programme

	2024/2025 Capital Programme £m
Ongoing Programmes of Work (<i>section 4.2 and Appendix 1</i>)	18.200
New Priority Projects (<i>section 4.3</i>)	1.500
Specific Capital Projects (<i>section 4.4 and 4.5</i>)	1.865
Glasgow City Region City Deal (<i>section 4.6</i>)	4.747
Clyde Gateway (<i>Section 4.7</i>)	0.800
Leisure and Culture Transformation Fund (<i>sections 4.8 – 4.9</i>)	-
Larkhall Leisure Centre – Additional (<i>sections 4.10 – 4.14</i>)	-
Projects Approved in Previous Financial Years (<i>section 4.15 – 4.16</i>)	6.827
Secondary School Estate – Capacity Issues (<i>section 4.17 – 4.18</i>)	-
2023/2024 Movements (<i>section 4.19</i>)	40.008
2024/2025 Movements (<i>section 4.20</i>)	(23.390)
Reduction in Match Funding Requirements (<i>section 4.21 – 4.22</i>)	(1.045)
Total 2024/2025 Capital Programme	49.512

5. **2024/2025 Capital Programme – Funding Available**

- 5.1. A core element of any Capital Programme is the level of funding available to support the programme. For financial year 2024/2025, total funding of £49.512 million is available to fund the Capital Programme. This includes General Capital Grant (£19.276 million) advised as part of the Local Government Finance Settlement received in December 2023 and Specific Capital Grants (£3.651 million), Borrowing (£17.428 million), Developer Contributions (£6.637 million), External grant funding (£0.422 million) and investment funding previously transferred to reserves/CFCR (£2.098 million).
- 5.2. **General Capital Grant:** As noted at Section 5.1, the General Capital Grant funding allocation for 2024/2025 is £19.276 million. This is a significant reduction of £1.9 million on the funding available in financial year 2023/2024. The Capital Programme for 2024/2025 has been aligned to the funding provided. A detailed breakdown of the funding package is included in Appendix 4.
- 5.3. **Specific Capital Grant Funding:** Funding has been provided for Cycling Walking and Safer Routes and Vacant and Derelict Land funding in 2024/2025. Confirmation of the continuation of the Place Based Investment Programme funding is awaited. Furthermore, initial bids have recently been submitted to the Scottish Government's Regeneration Capital Grant Fund. The outcome of these is anticipated in February 2024.
- 5.4. **External Funding:** Bids for additional funding in 2024/2025 have been submitted to Strathclyde Partnership for Transport (SPT) to progress the existing projects at Hairmyres Park and Ride, East Kilbride (£1.8 million across 2 years) and Lanark Interchange (£0.300 million). SPT have advised that funding reductions to their 2024/2025 budget will have an impact on the level of grant funding they can provide to Local Authorities. As a result, this expenditure requirement has not been included in the 2024/2025 Capital Programme at this time. This would have a significant impact

on both of the projects at Hairmyres and Lanark Interchange. Discussions with the Scottish Government are ongoing. An update will be provided to members when the outcome of these discussions is known, but it should be noted that there is a risk to the projects if this funding is not received. If Members chose to increase Council capital funding for these (or any other) projects, this would require a reduction to be agreed on the other projects proposed in this paper.

6. Future Capital Investment Requirements

- 6.1. The key theme running throughout this paper is the affordability of any capital investment requirements against the backdrop of the limited capital funding available. This is not expected to change in the short to medium term. This section sets out the areas where future capital investment may be a priority moving forward.
- 6.2. As noted at Section 4.17, investment is required on the Secondary School Estate. Although an initial funding package has been developed, further funding may have to be made available in future financial years, given the bid to LEIP was unsuccessful.
- 6.3. It is suggested that future capital investment plans beyond financial year 2024/2025 may require to focus on the ongoing requirement to achieve the Government's targets for **Net Zero Emissions** through investment in energy reduction measures in our property portfolio and fleet infrastructure. However, given our scarce capital resources, in order to contribute these targets, it is likely external funding will be required, or there would be a significant reduction in any other council capital projects.
- 6.4. Significant investment will be required in our **Town Centres** including developing proposals for the regeneration of our 2 key town centres in East Kilbride and Hamilton. Working in partnership with the asset managers, a masterplan for the Centre, East Kilbride has been prepared with a master planning exercise for Hamilton also underway. Given the significant scale of investment required, a range of external funding opportunities will be considered.
- 6.5. Consideration of the level of investment needed in **Ash Die-Back** in the medium to long term, is being undertaken by Community and Enterprise Resources through the development of an Ash Dieback Action Plan (ADAP). For financial year 2024/2025, an investment requirement of £0.200 million has been included in the proposed programme which would cover staff costs, fees and equipment.
- 6.6. At present, we are not committing future funding to these projects. In agreeing to the programme presented in this paper, it is acknowledged that this limits the ability to spend on other capital projects into future years as capital funding is limited.
- 6.7. Council officers are pursuing options to maximise external funding to help contribute towards the funding of the capital programme in 2024/2025 and in future years. An update on progress is anticipated in the first quarter of 2024/2025. Any additional funding received, including City Deal, can help contribute towards funding for capital projects.

7. Key Highlights from the Capital Investment Strategy

- 7.1. As the revised Prudential Code for Capital Finance in Local Authorities 2017 requires councils to produce a Capital Strategy, the Council's Executive Committee approved a Future Capital Investment Strategy (Capital Strategy) on 21 November 2018.

- 7.2. The key issues and risks that will impact on the delivery of the Capital Strategy, how the Capital Strategy and Treasury Management Strategy are aligned, and the governance framework required to ensure the Capital Strategy can be delivered have been updated for financial year 2024/2025 and are detailed in Appendix 5.

8. Employee Implications

- 8.1. There are no employee implications as a result of this report.

9. Financial Implications

- 9.1. A Capital Programme for financial year 2024/2025 totalling £49.512 million has been proposed in this report. Details as to how this Programme has been arrived at are shown in Section 4. Details of the full Programme are listed in Appendix 3.
- 9.2. Section 5 details the funding available in-year of £49.512 million with a breakdown included in Appendix 4.
- 9.3. Moving forward consideration will have to be given to the level of programme which can be delivered, given the funding available. As noted at Section 4.3, agreeing to the new priority project for 2024/2025 will not commit the Council to expenditure in future years. However, projects totalling £23.390 million (Section 4.20) have slipped, along with borrowing of £19.237 million, Place Based Investment Funding (£0.300 million), Regeneration Capital Grant (£0.200 million) and developers' contributions (£0.399 million). Consideration will need to be given to providing funding for the balance (£3.254m) in future years in the first instance, to enable these projects to complete.
- 9.4. It is anticipated that the council will still be operating in very changeable and fluid market conditions due to the current economic climate. Officers will continue to monitor these conditions however Members should be aware of the potential disruption to the 2024/2025 Capital Programme in similar terms to that experienced over the preceding two financial years.

10. Climate Change, Sustainability and Environmental Implications

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

11. Other Implications

- 11.1. 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.
- 11.2. 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.

12. Equality Impact Assessment and Consultation Arrangements

- 12.1. 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.
- 12.2. There was also no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning
Chief Executive

30 January 2024

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Executive Committee, 21 September 2022 – Secondary School Estate – Future Capacity Issues
- ◆ Executive Committee, 2 November 2022 - Capital Programme – Clyde Bridge Replacement Project
- ◆ Executive Committee, 13 September 2023 - Capital Budget 2023/2024 and Monitoring for Period 5 - 1 April 2023 to 11 August 2023
- ◆ Executive Committee, 11 October 2023 - Revision of Costs and Increase in Funding to Extend, Adapt and Modernise Our Lady of Lourdes Primary School, East Kilbride
- ◆ Executive Committee, 24 January 2024 - Capital Budget 2023/2024 and Monitoring for Period 9 - 1 April 2023 to 1 December 2023

List of Background Papers

None

Contact for Further Information

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

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Ongoing Programmes of Work Considered for 2024/2025 Programme (section 4.2)

Project Name and Description	2024/2025 (£m)
Schools Information Communication Technology (ICT) Development A contribution towards the costs of delivering the ICT contract to schools. As there is an ongoing commitment to this contract moving forward, funding of £1.600 million per annum is required.	1.600
Roads Carriageways and Associated Infrastructure Investment of £9.5 million in Roads Carriageways and associated infrastructure. This reflects the previous allocation of £10 million less the impact of a reduced capital grant.	9.500
Ash Die Back A continuation of the investment in previous years to mitigate the impact of Ash Die Back Disease.	0.200
IT Infrastructure Investment is required in order to maintain services. It is estimated that an average £0.400 million per annum will be required to cover refresh exercises (servers, networks and storage) as well as data security, resilience and disaster recovery activity.	0.400
Private Housing Scheme of Assistance Housing provide mandatory grants for disabled adaptations in private homes and to encourage private owners in shared blocks to participate in the Housing Investment Programme works. An allocation of £1m would continue the investment provided in previous financial years. This budget could be reduced by the Revenue budget savings proposal (HTR04).	1.000
Planned Asset Management Funding of £4.300 million per annum is required to ensure continued delivery of the Planned Asset Management model. This model aims to maintain all of the Council's new build General Services facilities (constructed since 2000), in a good condition and to a compliant standard.	4.300
Prioritised Urgent Investment in Property Assets The continuation of the previous model to meet urgent essential works needed on all Council properties.	0.700
Lifecycle Replacement – Schools The first school completed under the Primary School Modernisation Programme opened during financial year 2004/05. An allocation was provided in 2020/21 to commence a programme of replacement for major elements of infrastructure during the next capital programme. This requirement is likely to increase as the schools become progressively older.	0.500
Total Ongoing Programmes of Work	18.200

2024/2025 Project Movements into 2025/2026 (section 4.20)

	2024/2025 Budget Setting Movements (£m)
Community and Enterprise Resources	
Extension/Improvement of Cemeteries	0.948
Kildare Park - BMX Trail	0.025
Forth Play Area	0.006
Hairmyres Play Area	0.015
Larkhall Leisure Centre	9.919
Levelling UP Fund – 3 Rivers Match Funding	0.755
Carluke High Mill Community Facility	0.200
<u>Glasgow City Region City Deal</u>	
Sustainable Transport Interventions	0.274
Calderside Academy	3.606
Upgrade St Elizabeths Community Wing and Jock Stein Sports Facilities	0.079
Merryton Roundabout and Link Road	0.856
M74 Works	1.007
Holy Cross	2.428
Stewartfield Way	2.800
Total Community and Enterprise Resources	22.918
Social Work Resources	
SWIS Plus Replacement	0.472
Total Social Work Resources	0.472
2024/2025 Budget Setting Movements into 2025/2026	23.390

2024/2025 Summary of Capital Programme Expenditure

(including slippage from previous years)

	2024/2025 Proposed Programme (£m)
Community and Enterprise Resources	
Extension/Improvement of Cemeteries (Memorial Headstone Inspections/Remedial Works)	0.200
Fallside Park Play Area	0.010
Alexander Hamilton Memorial Park	0.074
Renewal of Play Parks	0.896
Ash Die Back	0.200
Lanark Library, Lindsay Institute	0.464
Larkhall Leisure Centre	1.500
Clyde Gateway	0.800
Vacant and Derelict Land (includes new allocation for 2024/2025 of £0.425m)	0.925
Carluke High Mill Community Facility – Phase 1	0.786
SLC Industrial Infrastructure – Energy Efficiency	0.883
Glasgow City Region City Deal – Community Growth Areas Inc Secondary Schools)	13.102
Roads Carriageways and Associated Infrastructure	9.500
Cycling, Walking and Safer Routes	1.440
Clyde Bridge	0.173
Community Bus Fund	0.303
Glasgow City Region City Deal – Roads	0.382
Total Community and Enterprise Resources	31.638
Education Resources	
Primary School – Extensions	0.409
Schools Information Communication Technology (ICT) Development	1.600
Stonelaw High School Adaptations	0.192
St John the Baptist Nursery Expansion	0.504
Our Lady of Lourdes (£0.700m included under City Deal CGA's)	4.426
Total Education Resources	7.131
Finance and Corporate Resources	
IT Infrastructure – Business As Usual	0.746
Public Switch Telephone Network/Alarms (Analogue to Digital)	1.500
Total Finance and Corporate Resources	2.246

2024/2025 Summary of Capital Programme Expenditure
(including slippage from previous years)

	2024/2025 Proposed Programme (£m)
Housing and Technical Resources	
Private Housing Scheme of Assistance <i>(may be impacted by Revenue savings Proposal HTR04)</i>	1.000
Planned Asset Management	4.300
Prioritised Urgent Investment in Property Assets	0.700
Lifecycle Replacement – Schools	0.500
Lock Ups	0.192
Public Space CCTV	0.160
Springhall Regeneration (Library element)	0.304
Total Housing and Technical Resources	7.156
Social Work Resources	
Community Alarms – Analogue to Digital	0.663
SWIS Plus Replacement	0.678
Total Social Work Resources	1.341
Total Proposed 2024/2025 Capital Programme	49.512

2024/2025 Capital Programme – Funding Available

Funding Source	Ref	Total Funding Available (£m)
General Capital Grant	1	19.276
General Capital Grant – Play Parks	1	-
General Capital Grant – Free School Meals	1	-
Specific Capital Grant – Regeneration Capital Grant	2	1.086
Specific Capital Grant – Vacant and Derelict Land	2	0.925
Specific Capital Grant – Cycling, Walking and Safer Routes	2	1.440
Specific Capital Grant – Place Based Investment Fund	2	0.200
Capital Receipts		-
Existing Borrowing – Previous Years	3	17.428
Developers Contributions	4	6.637
External Contributions	5	0.422
CFCR / Reserves	6	2.098
Total Funding Available		49.512
Proposed 2024/2025 Capital Programme (Appendix 3)		49.512
Funding Surplus/(Shortfall)		-

1. General Capital Grant (£19.276m)

The Finance Circular (December 2023) announced a 2024/2025 General Capital Grant for South Lanarkshire of £19.276 million.

The 2024/2025 allocations for Renewal of Play Parks and Free School Meals have still to be advised and will be added to the programme when available.

2. Specific Capital Grants (£3.651 million)

As detailed at Section 4.4, specific grant funding has been provided in 2024/2025 for Vacant and Derelict Land (£0.425 million) and Cycling, Walking and Safer Streets (£1.440 million).

Specific Grant Funding totalling £1.786 million has also carried forward from previous financial years for Vacant and Derelict Land (£0.500 million), Larkhall Leisure Centre (£0.500 million) and Carluke High Mill Community Facility (£0.786 million). A further £0.200m has been slipped into 2025/2026 for Carluke High Mill.

3. Borrowing (£17.428 million)

The borrowing required for 2024/2025 reflects the requirement to borrow to fund the timing of spend in relation to the Glasgow City Region City Deal programme has already been reported to Executive Committee (11 May 2016). For 2024/2025 the new requirement is £3.347 million (£4.747 million less £1.400 million developer contributions).

The 2023/2024 General Capital Grant allocation was increased by £0.182 million, as reported to the Executive Committee on 24 January 2024. Given the timing, this additional allocation of £0.182 million was used to fund the existing Capital Programme and reduce the Council's level of borrowing in 2023/2024. For financial year 2024/2025, borrowing has been increased by £0.182 million to provide additional

funding for the 2024/2025 Capital Programme. The overall impact on the Council's borrowing across the 2 financial years' is nil.

The balance of £13.899 million relates to previously approved borrowing carried forward from prior financial years.

4. Developer Contributions (£6.637 million)

Contributions from developers will be used to undertake specific projects in accordance with the conditions of the relevant Section 75 agreements, mainly growth and capacity projects required within the school estate.

5. External Contributions (£0.422 million)

This reflects funding from Scotland's Public Sector Heat Decarbonisation Fund (£0.422 million) for Our Lady of Lourdes. This has still to be confirmed.

6. CFGR/Reserves (£2.098 million)

This includes investment funding previously earmarked for the Woodland Management Programme at Alexander Hamilton Memorial Park, Stonehouse (£0.055m).

In addition, £2.043 million relates to contributions from the UK Government's Shared Prosperity Fund for SLC Industrial Infrastructure - Energy Efficiency (£0.883 million), Larkhall Leisure Centre (£1 million) and Public Space CCTV (£0.160 million)

Principles underpinning the Capital Investment Strategy

1. Key issues and risks that will impact on the delivery of the Capital Investment Strategy and other long-term liabilities

The Prudential Code requires the Council to identify the long-term implications, both financial and operational, and the potential risks to service delivery through non-investment in our assets. The Council's appetite for risk is taken into account in establishing the Capital Strategy.

There are no proposals in this report which would impact on the Council's long-term liabilities that have not been considered, such as long-term borrowing, or provisions.

2. The Alignment of the Capital Strategy and Treasury Management Strategy

The Prudential Code requires that the Council's Capital Strategy be aligned with the Treasury Management Strategy which is approved by the Executive Committee annually as part of the budget setting process. This Treasury Management report is also being presented to this Meeting for approval.

The capital programme determines the borrowing need of the Council, the Treasury Management process essentially monitors the longer-term cash flow planning, to ensure the Council can manage its capital spending obligations.

The Capital Strategy details the Council's debt position, including the anticipated level of debt and the authorised borrowing limit.

3. Governance Framework

It is important that the appropriate Governance framework be in place when considering capital investment. In order to mitigate some of the risks associated with poor governance, there is appropriate governance arrangements in place in terms of the Capital Programme and Treasury Management processes. These are detailed below.

- i) **Capital Programme Governance:** The Capital Programme is prepared following an exercise to prioritise projects in line with the Council priorities and links to Asset Management Plans and is subject to approval by the Executive Committee or Council. Any changes to the programme will be agreed by the Executive Committee. The Head of Finance (Strategy) and Head of Property Services monitors the delivery of the capital programme on a monthly basis. This is reported to elected members via the Executive and Resource Committees, along with the Financial Resources Scrutiny Forum. The Capital Programme is subject to Internal and External Audit Review.
- ii) **Treasury Management Governance:** The Council's treasury activities are regulated by the Local Government (Scotland) Acts 1975 and 2003, and a professional code of practice (the CIPFA Treasury Management in Public Services Code of Practice – revised December 2017). It is a requirement of this Code, and the financial regulations of South Lanarkshire Council, that a Treasury Management Strategy is approved by Committee every year. A key requirement of this strategy is to explain both the risks and the management of these risks associated with the treasury function. The Council employs Link Asset Services as its Treasury Management Advisors. Treasury Management is also subject to Internal and External Audit review.

4. Knowledge and Skills

The employees responsible for monitoring the Council's capital programmes, asset management, and treasury management have the appropriate skills and knowledge to ensure the successful delivery of capital investment.

5. Capital Programme Summary

The Future Capital Investment Strategy (November 2018) provided an estimate of potential capital investment and funding package. This was based on the information available at that time and will be subject to further refinement when the ongoing works to develop each of the projects / programmes is complete. As an update to the Capital Strategy, this report provides a proposed programme for 2024/2025.