

Report

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

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| Subject: | Capital Programme 2022/2023 Update and Monitoring for Period 11 – 1 April 2022 to 27 January 2023 |
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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 27 January 2023

2. Recommendation(s)

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

- (1) that the Period 11 position (ended 27 January 2023) 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 27 January 2023 (Period 11). 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 1 February 2023 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 the meeting on 1 February 2023.

4.2. The total programme is now £78.396 million and includes new adjustments to the programme, which are proposed in this report at Appendix 1. These adjustments total a net increase of £0.124 million and mainly reflect additional funding for new Roads projects.

- 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 £78.396 million. The funding available to support the programme is detailed in Appendix 3.
- 4.5. 2022/2023 Outturn
As reported last period, estimates from Resources suggest an outturn of around £73 million. Against the revised budget of £78.396 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. Work will continue in the coming weeks to monitor achievable levels of spend.
- 4.6. The majority of the variance is due to the timing of spend, resulting in budget required in 2023/2024 rather than 2022/2023. Funding for projects remaining underspent at the financial year-end will be carried forward to allow the projects to be completed in 2023/2024. Again, this is a timing issue only with funding for the overall spend on these projects already identified into next financial year.
- 4.7. A list of the main projects with anticipated underspends which are responsible for the overall underspend of £9.7 million, as detailed in section 4.5, and which will now complete in 2023/2024 is included in Appendix 4, along with their anticipated completion dates.
- 4.8. **Period 11 Position:** The programme spend and funding for the General Fund is included in Appendix 4. As noted in 4.1, the total capital spending programme for the year is £78.396 million.
- 4.9. Appendix 3 also shows budget for the period of £38.915 million and spend to the 27 January 2023 of £39.540 million, an overspend of £0.625 million. This is mainly due to the timing of spend in relation to the Oracle Fusion project within Finance and Corporate Resources (£0.786 million). This is offset by a number of smaller underspends across the rest of the Programme.
- 4.10. Actual funding received to 27 January 2023 is £68.848 million.
- 4.11. Relevant officers will continue to closely monitor the generation of all income.

5. Housing Capital Programme

- 5.1. **2022/2023 Budget:** Appendix 5 summarises the position on the Housing programme as at 27 January 2023. The revised capital programme for the year is £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 5.
- 5.3. **2022/2023 Outturn:** Current estimates from Housing and Technical Resources suggest there will be an underspend of £4.1 million within the Housing Capital Programme by the end of the financial year. This is due to a number of factors - as advised last period, this is mainly 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 were diverted away from Capital investment works to tackle urgent repairs.

- 5.4. 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. The Service has also experienced higher than normal volumes of no access for legislative works.
- 5.5. Work to monitor achievable spend will continue in the coming weeks. Funding for projects remaining underspend at the financial year-end will be carried forward to allow the projects to be completed in 2023/2024.
- 5.6. **Period 11 Position:** Budget for the period is £45.339 million and spend to 27 January 2023 amounts to £43.015 million, an underspend of £2.324 million and this mainly reflects the issues detailed in Sections 5.3 to 5.5 above.
- 5.7. As at 27 January 2023, £43.015 million of funding had been received.
- 5.8. 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)

8 February 2023

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ Executive Committee, 24 August 2022
- ◆ Executive Committee, 1 February 2023

List of Background Papers

- ◆ Capital Ledger prints to 27 January 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 2022/23
GENERAL SERVICES PROGRAMME
FOR PERIOD 1 APRIL 2022 TO 27 JANUARY 2023

Proposed Adjustments – Period 11

Community and Enterprise Resources

Cycle Shelters at Schools

Approval is sought to increase the 2022/23 Capital Programme by £0.040 million to reflect funding awarded from Cycling Scotland. The funding has been awarded to supply, deliver and install cycle shelters at a number of schools including: Lesmahagow High School, Douglas Primary School, Rigside Primary School & Craigbank Primary School. In addition, refurbishment works will also be undertaken to the existing shelter at Cairns Primary School. £0.040m

National Strategy for 20mph

The National Strategy for 20mph aims to expand 20mph speed limits across Scotland and will ensure all appropriate roads in built-up areas have a safer speed limit of 20mph by 2025. Approval is sought to increase the 2022/2023 Capital Programme by £0.084 million to identify outcomes to assist in the further delivery of 20mph zones and limits within the South Lanarkshire area. This project will be funded by a contribution from Transport Scotland. £0.084m

Education Resources

Woodside Primary School - Adaptations

In order to accommodate an increase in pupil numbers at Woodside Primary School, Hamilton, approval is sought to increase the 2022/2023 Capital Programme by £0.100 million to allow the adaptation of the general-purpose area to be converted into two additional classrooms. £0.100m

It is proposed that funding for these adaptation works be transferred from developers' contributions already received for the Hamilton area. (£0.100m)

TOTAL ADJUSTMENTS **£0.124m**

APPENDIX 2

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2022/23
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2022 TO 27 JANUARY 2023

£m

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

Proposed Adjustments – Period 11 (Section 4.2 and Appendix 1) 0.124

Total Revised Budget (Executive Committee – 1 March 2023) **78.396**

| <u>Resource</u> | <u>2022/23 Budget</u> | <u>Period 11 Proposed Adjustments</u> | <u>Revised 2022/23 Budget</u> |
|--------------------------------|---------------------------|---|---------------------------------------|
| | <u>£m</u> | <u>£m</u> | <u>£m</u> |
| Community & Enterprise | 48.320 | 0.124 | 48.444 |
| Education | 13.918 | - | 13.918 |
| Finance & Corporate | 3.695 | - | 3.695 |
| Housing & Technical | 8.436 | - | 8.436 |
| Social Work | 3.903 | - | 3.903 |
| Other Match Funding | - | - | - |
| TOTAL CAPITAL PROGRAMME | 78.272 | 0.124 | 78.396 |

APPENDIX 3

SOUTH LANARKSHIRE COUNCIL CAPITAL EXPENDITURE 2022/23 GENERAL FUND PROGRAMME FOR PERIOD 1 APRIL 2022 TO 27 JANUARY 2023

| | <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>27/01/23</u> | <u>2022/23</u> <u>Actual to</u> <u>27/01/23</u> |
|---|--|---|---|---|
| Expenditure | £m | £m | £m | £m |
| General Fund Programme | 95.232 | 78.396 | 38.915 | 39.540 |
| 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>27/01/23</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 | 3.989 | | 1.462 |
| Scottish Government: | | | | |
| - Capital Grant | 22.424 | 32.074 | | 28.287 |
| - Cycling, Walking and Safer Routes | 2.154 | 2.887 | | 1.488 |
| - 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 | | 0.006 |
| Capital Receipts | 1.000 | 1.000 | | 0.901 |
| Specific Reserves | 0.534 | 1.400 | | 1.400 |
| Revenue Contribution | 0.031 | 0.514 | | 0.514 |
| TOTAL FUNDING | 95.232 | 78.396 | | 68.848 |

APPENDIX 4

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2022/23
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2020 TO 27 JANUARY 2023

| 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 27 JANUARY 2023

| Projects with Projected Underspends in 2022/23 which will Carry Forward into 2023/2024 | | |
|---|---------------------|------------------------|
| Project Name | Project Type | Completion Date |
| 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 27 JANUARY 2023

| | <u>2022/2023</u> <u>Original</u> <u>Budget</u> £m | <u>2022/2023</u> <u>Revised</u> <u>Budget</u> £m | <u>2022/2023</u> <u>Budget to</u> <u>27/01/23</u> £m | <u>2022/2023</u> <u>Actual to</u> <u>27/01/23</u> £m |
|--|--|---|---|---|
|--|--|---|---|---|

Expenditure

| | | | | |
|---|--------|--------|--------|--------|
| 2022/2023 Budget Incl. adjustment from 2021/2022 | 52.230 | 66.361 | 45.339 | 43.015 |
|---|--------|--------|--------|--------|

| | <u>2022/2023</u> <u>Original</u> <u>Budget</u> £m | <u>2022/2023</u> <u>Revised</u> <u>Budget</u> £m | <u>2022/2023</u> <u>Actual to</u> <u>27/01/23</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 | 5.930 |
| 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 | 43.015 |