

Report

Report to:	Executive Committee
Date of Meeting:	26 June 2019
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Budget 2019/2020 and Monitoring for Period 2 - 1 April 2019 to 24 May 2019
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Consolidate the capital budget monitoring to give a Council-wide summary of the 2019/20 Capital Programme including 2018/19 carry forward. It includes information on two programmes: the General Fund Programme (being Education, Social Work, Roads & Transportation and General Services) and the Housing Investment Programme, which covers all investment in relation to the Councils Housing stock.
- ◆ update the Executive Committee of progress on the Capital Programme for the period 1 April 2019 to 24 May 2019.

2. Recommendation(s)

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

- (1) that the Period 2 position (ended 24 May 2019) of the General Fund Capital Programme itemised at Appendices 1 – 3 and the Housing Capital Programme at Appendix 4, be noted;
- (2) that the adjustments to the General Fund programme listed at Appendix 2, be approved;
- (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 24 May 2019. Spending has been split into two separate sections:

- ◆ General Fund Capital Programme including Education, Social Work, Roads and Transportation and General Services (Section 5.1)
- ◆ Housing Capital Programme (Section 5.2)

4. Employee Implications

None

5. Financial Implications

5.1. General Fund

5.1.1. 2019/20 Budget

The budget agreed at Executive Committee on 29 May 2019 was £80.959 million. A revised budget of £78.349 million is presented in Appendix 1. This revised programme consists of the base budget plus carry forward projects, previously approved adjustments and adjustments to the programme totalling a net increase of £0.365 million which are proposed in this report at Appendix 2.

5.1.2. In addition, following a review of this programme of works, it has been identified that some of the expenditure cannot be classed as capital. Therefore, it is proposed that budget of £4.506 million will be transferred to Resources' Revenue budgets and details of these are included below.

- Planned Asset Management (£3.061 million)
- Private Housing Scheme of Assistance project (£1.000 million)
- IT Productivity (£0.236 million)
- Clyde and Avon valley Landscape Partnership (£0.128 million)
- Crawfordjohn Community Projects (£0.081 million)

5.1.3. For all of the projects listed above, the total budget will be transferred to revenue, with the exception of Planned Asset Management. The total overall budget for Planned Asset Management, across capital and revenue, remains at £4.775 million. Current estimates show that only £3.061 million requires to be classified as revenue. The remaining spend to be incurred by the end of the financial year, will be reviewed to ensure that it is classed appropriately (as revenue or capital), and any further movement reported to a future meeting.

5.1.4. Conversely, expenditure in relation to roads carriageways is currently funded through the Roads Services revenue budget. It is proposed that budget totalling £1.531 million be transferred to the 2019/20 Capital Programme. This was detailed in the Council's Future Capital Investment Strategy (Executive Committee, 21 November 2019). As with Planned Maintenance, the total overall budget for carriageways across capital and revenue remains unchanged.

5.1.5. Period 2 Position

The programme spend and funding for the General Fund is summarised in Appendix 2. As noted in 5.1.1., the total capital spending programme for the year is £78.349 million.

5.1.6. Budget for the period is £3.293 million and spend to the 24 May 2019 is £3.295 million. This represents expenditure of £0.002 million ahead of profile.

5.1.7. Actual funding received to 24 May 2019 is £37.494 million.

5.2. Housing Programme

5.2.1. 2018/19 Budget

Appendix 4 summarises the position on the Housing programme as at 24 May 2019. The revised capital programme for the year, including carry forward, is £61.835 million. Programmed funding for the year also totals £61.835 million.

5.2.2. Period 2 Position

Budget for the period is £3.497 million and spend to 24 May 2019 amounts to £3.497 million.

5.2.3. As at 24 May 2019, £3.497 million of funding had been received.

5.2.4. 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. Other Implications

6.1. 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.

7. Equality Impact Assessment and Consultation Arrangements

7.1. 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.

7.2. 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)

3 June 2019

Link(s) to Council Values/Ambitions/Objectives

♦ Accountable, Effective, Efficient and Transparent

Previous References

♦ Executive Committee, 29 May 2019

List of Background Papers

Capital Ledger prints to 24 May 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 2019/20
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2019 TO 24 MAY 2019

APPENDIX 1

£m

Total Revised Budget – Period 1	80.959
Transfers to Revenue – Period 2	(4.506)
Transfers to Capital – Period 2	1.531
Proposed Adjustments – Period 2	0.365
Total Revised Budget – Period 2	78.349

<u>Resource</u>	<u>Revised 2019/20 Budget (Period 1) £m</u>	<u>Period 2 Proposed Adjustments £m</u>	<u>Revised 2019/20 Budget £m</u>
Community & Enterprise	41.628	1.687	43.315
Education	24.934	0.000	24.934
Finance & Corporate	1.229	(0.236)	0.993
Housing & Technical	10.439	(4.061)	6.378
Social Work	2.729	0.000	2.729
Total	80.959	(2.610)	78.349

Proposed Adjustments**Community and Enterprise Resources****Quay Road, Rutherglen**

The purchase of the currently leased Grounds Depot at Quay Road, Rutherglen was approved at the Housing and Technical Resources Committee on 5 June, 2019. Approval is sought to increase the 2019/20 Capital Programme by £0.350m to reflect the purchase. This will be funded from £0.195m from the Zero Waste programme, previously slipped into 2020/2021, along with a contribution from the Council's Reserves (£0.155m) held for Community and Enterprise Resources.

£0.350m

Minor Adjustments

£0.015m

Total Adjustments

£0.365m

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2019/20
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2019 TO 24 MAY 2019

APPENDIX 3

	<u>2019/20</u> <u>Original</u> <u>Estimate</u> <u>inc C/F</u> £m	<u>2019/20</u> <u>Revised</u> <u>Budget</u> £m	<u>2019/20</u> <u>Budget to</u> <u>24/05/19</u> £m	<u>2019/20</u> <u>Actual to</u> <u>24/05/19</u> £m
Expenditure				
General Fund Programme	78.429	78.349	3.293	3.295
Income				
	<u>2019/20</u> <u>Original</u> <u>Budget</u> £m	<u>2019/20</u> <u>Revised</u> <u>Budget</u> £m		<u>2019/20</u> <u>Actual</u> <u>To</u> <u>24/05/19</u> £m
Prudential Borrowing	23.863	21.568		21.568
Developers Contributions	3.124	2.132		0.361
Partners (Including SPT, High Blantyre Construction Ltd, Transport Scotland and Renewable Energy Fund)	1.331	3.325		0.617
Scottish Government:				
- Capital Grant	33.029	33.029		5.505
- Cycling, Walking and Safer Streets	0.520	0.520		0.000
- Vacant and Derelict Land	2.023	2.023		0.903
- Early Years 1,140 Hours	5.344	5.344		5.344
- Regeneration Capital Grant	1.100	1.100		1.107
-Town Centre Regeneration Fund	2.506	2.506		0.000
Glasgow City Region City Deal	1.940	4.430		0.000
Specific Reserves	2.149	2.072		2.072
Capital Receipts	1.500	0.300		0.017
TOTAL FUNDING	78.429	78.349		37.494

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2019/20
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2019 TO 24 MAY 2019

APPENDIX 4

	<u>2019/20</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2019/20</u> <u>Estimate</u> <u>to</u> <u>24/05/19</u> <u>£m</u>	<u>2019/20</u> <u>Actual to</u> <u>24/05/19</u> <u>£m</u>
EXPENDITURE			
2019/20 Budget incl carry forward from 2018/19			
	61.835	3.497	3.497
	<u>2019/20</u> <u>Annual</u> <u>Budget</u> <u>£m</u>		<u>2019/20</u> <u>Actual to</u> <u>24/05/19</u> <u>£m</u>
INCOME			
Capital Funded from Current Revenue	20.589		3.497
Prudential Borrowing	28.715		0.000
Specific Grant			
- Scottish Government – New Build	10.611		0.000
- Scottish Government – Open Market	1.800		0.000
Purchase Scheme			
- Scottish Government – Mortgage to Rent	0.120		0.000
	61.835		3.497