

Report

Report to: **Executive Committee**
Date of Meeting: **21 February 2024**
Report by: **Head of Finance (Strategy)**

Subject: **Capital Budget 2023/2024 and Monitoring for Period 10
- 1 April 2023 to 28 December 2023**

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 2023 to 28 December 2023

2. Recommendation(s)

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

- (1) that the adjustment to the General Fund programme, listed at Appendix 1, be noted; and
- (2) that the period 10 position (ended 28 December 2023) of the General Fund Capital Programme detailed in Appendices 1 to 4 and the Housing Capital Programme at Appendix 5, be noted; 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 28 December 2023. 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. **2023/2024 Budget:** The budget agreed at Executive Committee on 24 January 2024 was £71.696 million. A revised programme of £78.296 million is now anticipated, an increase of £6.600 million from the previously reported position.

4.2. This revised programme of £78.296 million reflects an adjustment to the programme, which was approved by the Executive Committee on 24 January, as part of a separate report on the Glasgow City Region City Deal project at Greenhills Road, East Kilbride. The details of this adjustment are included in Appendix 1.

- 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 £78.296 million. The funding available to support the overall 2023/2024 Capital Programme is detailed in Appendix 3.
- 4.5. **2023/2024 Outturn:** As reported last period, estimates from Resources suggest an outturn of around £72 million. Against the revised budget of £78.296 million, this outturn means a net underspend across Resources of £6.3 million. This is made up of project underspends totalling £8.5 million offset by projects with greater than anticipated spend of £2.2 million.
- 4.6. The majority of the variance is due to the timing of spend, resulting in budget required in 2024/2025 rather than 2023/2024. Funding for projects remaining underspend at the financial year-end will be carried forward to allow the projects to be completed in 2024/2025.
- 4.7. These underspends have been partially offset by a few projects where there are budget overspends predicted this financial year. For these projects, again, this is a timing issue only with funding for the overall spend already identified into the next financial year.
- 4.8. A list of the main projects which are responsible for the underspend of £6.3 million, as detailed in section 4.5, and which will now complete in 2024/2025 is included in Appendix 4, along with their anticipated completion dates.
- 4.9. **General Fund – Period 10 Position:** As noted in section 4.1, the total capital spending programme for the year is £78.296 million.
- 4.10. Appendix 3 shows budget for the period of £34.777 million and spend to the 28 December 2023 of £34.088 million. The spend is, therefore, behind programme by £0.689 million and this mainly reflects the timing of spend on a number of projects.
- 4.11. Within Community and Enterprise Resources, recharges for works completed to date on the Roads Carriageway Programme (£0.284m) have still to be processed.
- 4.12. Within Education Resources, spend on the First Steps Community Nursery Extension, Hamilton (£0.199 million) and the Wooddean Early Learning Centre, Bothwell (£0.328 million) is behind schedule due to delays experienced in the programmes of work. These have been offset by adaptation works at Uddingston Grammar School (£0.443 million), where the funding requirement for this project had originally been anticipated for 2024/2025.
- 4.13. Finally, spend on the Prioritised Urgent Investment Programme (£0.305 million) within Housing and Technical Resources, is demand led and less than anticipated at this time.
- 4.14. Actual funding received to 1 December 2023 is £63.166 million. This is also detailed in Appendix 3.
- 4.15. Relevant officers will continue to closely monitor the generation of all income.

5. Housing Capital Programme

- 5.1. **2023/24 Budget:** Appendix 5 summarises the position on the Housing programme as at 28 December 2023. The revised capital programme for the year is £67.443 million, as approved by the Executive Committee on 24 January 2023.
- 5.2. Programmed funding for the year also totals £67.443 million. The funding sources are detailed in Appendix 5.
- 5.3. **2023/2024 Outturn:** Current estimates from Housing and Technical Resources suggest an outturn of £67.443 million. Progress on the Housing Capital Programme will continue to be monitored and updates will be provided to future meetings of this Committee.
- 5.4. **Period 10 Position:** Budget for the period is £40.985 million and spend to 28 December 2023 amounts to £41.276 million. This results in the Housing Programme being £0.291 million ahead of programme. This is due to the number of buy backs, through the open market purchase scheme, which have been progressed earlier than anticipated.
- 5.5. As at 1 December 2023, £41.276 million of funding had been received.
- 5.5 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 General Services and Housing Programmes and their spend position to 28 December 2023 are detailed in sections 4 and 5 respectively.
- 7.2. 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 this Committee.

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. 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.

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.

Jackie Taylor
Head of Finance (Strategy)

31 January 2024

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Executive Committee, 24 January 2024

List of Background Papers

- ◆ Capital Ledger prints to 28 December 2023

Contact for Further Information

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

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|--|-------------------------------|
| <u>Previously Approved Adjustments</u> | |
| <u>Community and Enterprise Resources</u> | |
| <p><u>Glasgow City Region City Deal - Greenhills Road</u></p> <p>At its meeting on 24 January 2024, the Executive Committee approved a separate report on the Glasgow City Region City Deal project at Greenhills Road, East Kilbride. The report advised that work is concluding around final costs on the project.</p> <p>As a result of additional costs incurred by the contractor, the majority of which are as a result of COVID-19 and wider global events (e.g. supply chain and cost of materials), the current budget requires to be increased by £6.600 million to reach a settlement with the contractor.</p> <p>As this is a Glasgow City Region City Deal project, funding from within the overall City Deal allocation for the Council can be identified to cover £4.3 million of these costs. This will be a virement from other unspent City Deal project budgets that are not required.</p> <p>The balance of funds required (£2.3 million) can be met from monies held in reserves in relation to developer contributions for roads related projects. Council funds had been used to deliver these road projects, therefore, the developer contributions held in reserves are now available to contribute to costs of Greenhills Road.</p> | <p>£4.300m</p> <p>£2.300m</p> |
| TOTAL ADJUSTMENTS | £6.600m |

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2023/24
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2023 TO 28 DECEMBER 2023

£m

Total Budget - Approved by Executive Committee, 24 January 2024 **71.696**

Approved Adjustments – Greenhills Road – Appendix 1
(separate report to Executive Committee, 24 January 2024) **6.600**

Total Revised Budget **78.296**

| | <u>2023/24</u> | <u>Period 10</u> | <u>Revised</u> |
|--------------------------------|-----------------------|---------------------------|-----------------------|
| | <u>Budget</u> | <u>Approved</u> | <u>2023/24</u> |
| | | <u>Adjustments</u> | <u>Budget</u> |
| <u>Resource</u> | <u>£m</u> | <u>£m</u> | <u>£m</u> |
| Community & Enterprise | 38.577 | 6.600 | 45.177 |
| Education | 14.268 | - | 14.268 |
| Finance & Corporate | 5.333 | - | 5.333 |
| Housing & Technical | 11.488 | - | 11.488 |
| Social Work | 2.030 | - | 2.030 |
| Other Match Funding | - | - | - |
| TOTAL CAPITAL PROGRAMME | 71.696 | 6.600 | 78.296 |

Appendix 3

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2023/24
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2023 TO 28 DECEMBER 2023

| | <u>2023/24</u> <u>Original</u> <u>Estimate inc</u> <u>C/F</u> | <u>2023/24</u> <u>Revised</u> <u>Budget</u> | <u>2023/24</u> <u>Budget to</u> <u>28/12/23</u> | <u>2023/24</u> <u>Actual to</u> <u>28/12/23</u> |
|--|--|---|---|---|
| Expenditure | £m | £m | £m | £m |
| General Fund Programme | 77.849 | 78.296 | 34.777 | 34.088 |
| Income | <u>2023/24</u> <u>Budget</u> | <u>2023/24</u> <u>Revised</u> <u>Budget</u> | | <u>2023/24</u> <u>Actual</u> <u>To</u> <u>28/12/23</u> |
| | £m | £m | | £m |
| Prudential Borrowing | 32.075 | 30.106 | | 30.106 |
| Developers Contributions | 0.542 | 3.219 | | 2.270 |
| Partners (Including SPT, Clyde Windfarm and Transport Scotland) | 2.157 | 3.764 | | 0.680 |
| Scottish Government: | | | | |
| - Capital Grant | 33.985 | 29.947 | | 22.718 |
| - Cycling, Walking and Safer Routes | 1.632 | 2.284 | | 0.704 |
| - Road Safety Improvement | 0.000 | 0.475 | | 0.000 |
| - Vacant and Derelict Land | 2.019 | 1.519 | | 1.519 |
| - Regeneration Capital Grant | 0.737 | 1.225 | | 0.745 |
| - Place Based Investment Programme | 1.510 | 2.723 | | 2.723 |
| -Inspiring School Age Childcare Spaces Programme | 0.000 | 0.234 | | 0.000 |
| Glasgow City Region City Deal | 0.000 | 0.000 | | 0.000 |
| Capital Receipts | 2.000 | 1.340 | | 0.241 |
| Specific Reserves | 1.192 | 1.422 | | 1.422 |
| Revenue Contribution | 0.000 | 0.038 | | 0.038 |
| TOTAL FUNDING | 77.849 | 78.296 | | 63.166 |

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2023/24
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2023 TO 28 DECEMBER 2023

| Projects with Anticipated Underspends in 2023/2024, which will carry forward into 2024/2025 | | |
|---|----------------|-------------------------------|
| Project Name | Project Type | Completion Date |
| Community and Enterprise Resources | | |
| Phillipshill Cemetery - Extension | Infrastructure | May 2024 |
| Play Parks - Various | Infrastructure | Throughout 2024/25 and beyond |
| White Bridge Replacement, Chatelherault Country Park - Design | Infrastructure | April 2024 |
| Larkhall Leisure Centre - Design | New Build | January 2025 |
| TACT Hall – Heating Replacement | Refurbishment | May 2024 |
| Priory Changing Pavilion, Blantyre | Refurbishment | September 2024 |
| Rural Development Centre - Lanark | New Build | September 2024 |
| 2023/2024 Place Based Investment Programme - Various | Regeneration | September 2024 |
| Vacant & Derelict Land - Cuningar Allotments | Regeneration | May 2024 |
| City Deal Community Growth Areas - Woodfoot Road / Wellhall Road, Hamilton | Infrastructure | March 2025 |
| Lanark Interchange | Infrastructure | July 2024 |
| Education Resources | | |
| Woodside Primary School - Adaptations | Adaptations | August 2024 |
| Uddingston Nursery Expansion | Adaptations | August 2024 |
| Crawforddyke Primary School - Toilet Adaptations | Adaptations | April 2024 |
| Wooddean Early Learning Centre (formerly Clyde Terrace Nursery) | New Build | April 2024 |
| Free School Meals Expansion | Adaptations | Throughout 2024/25 and beyond |
| Education ICT (current contract) | Infrastructure | October 2024 |
| Finance and Corporate Resources | | |
| IT Infrastructure | Infrastructure | Throughout 2024/25 |
| Housing and Technical Resources | | |
| Prioritised Urgent Investment | Refurbishment | Throughout 2024/25 |
| Lifecycle Replacement Schools | Refurbishment | Throughout 2024/25 |
| Communities Facilities Fund | Refurbishment | Throughout 2024/25 |
| Council Offices – Brandon Gate | Adaptations | June 2024 |
| CEEF 2023/24 Programme | Refurbishment | June 2024 |

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2023/24
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2023 TO 28 DECEMBER 2023

| | <u>2023/24</u> <u>Original</u> <u>Budget</u> £m | <u>2023/24</u> <u>Revised</u> <u>Budget</u> £m | <u>2023/24</u> <u>Budget to</u> <u>28/12/23</u> £m | <u>2023/24</u> <u>Actual to</u> <u>28/12/23</u> £m |
|--------------------|--|---|---|---|
| Expenditure | | | | |
| 2023/24 Budget | 63.916 | 67.443 | 40.985 | 41.276 |

| | <u>2023/24</u> <u>Original</u> <u>Budget</u> £m | <u>2023/24</u> <u>Revised</u> <u>Budget</u> £m | <u>2023/24</u> <u>Actual to</u> <u>28/12/23</u> £m |
|-------------------------------------|--|---|---|
| Income | | | |
| Capital Receipts | 0.000 | 1.683 | 1.905 |
| Capital Receipts – Land Sales | 0.000 | 0.000 | 0.018 |
| Capital Funded from Current Revenue | 27.162 | 27.162 | 25.162 |
| Prudential Borrowing | 17.302 | 23.166 | 6.217 |
| Scottish Government Specific Grant: | | | |
| - New Build | 16.632 | 10.048 | 7.843 |
| - Open Market Purchase Scheme | 2.700 | 5.264 | 0.000 |
| - Mortgage to Rent | <u>0.120</u> | <u>0.120</u> | <u>0.131</u> |
| | <u>63.916</u> | <u>67.443</u> | <u>41.276</u> |