



Council Offices, Almada Street
Hamilton, ML3 0AA

Tuesday, 16 January 2024

Dear Councillor

Executive Committee

The Members listed below are requested to attend a meeting of the above Committee to be held as follows:-

Date: Wednesday, 24 January 2024
Time: 10:00
Venue: Hybrid - Committee Room 1, Council Offices, Almada Street, Hamilton, ML3 0AA

The business to be considered at the meeting is listed overleaf.

Yours sincerely

Paul Manning
Chief Executive

Members

Joe Fagan (Chair/ex officio), Gerry Convery (Depute Chair), Alex Allison, John Anderson, Robert Brown, Andy Carmichael, Maureen Chalmers, Ross Clark, Margaret Cooper, Andrea Cowan, Maureen Devlin, Gladys Ferguson-Miller, Lynsey Hamilton, Mark Horsham, Eileen Logan, Katy Loudon, Hugh Macdonald, Ian McAllan, Catherine McClymont, Kenny McCreary, Lesley McDonald, Mark McGeever, Davie McLachlan, Richard Nelson, Mo Razzaq, Kirsten Robb, John Ross, David Shearer, Margaret B Walker

Substitutes

John Bradley, Walter Brogan, Poppy Corbett, Margaret Cowie, Elise Frame, Graeme Horne, Martin Hose, Susan Kerr, Ross Lambie, Elaine McDougall, Norman Rae, Graham Scott, David Watson

BUSINESS

1 Declaration of Interests

- 2 Minutes of Previous Meeting** 5 - 14
The minutes of the meeting of the Executive Committee held on 22 November 2023 were submitted for approval as a correct record. (Copy attached)

Monitoring Item(s)

- 3 Revenue Budget Monitoring for Period 1 April to 1 December 2023 and Probable Outturn** 15 - 28
Report dated 10 January 2024 by the Chief Executive. (Copy attached)
- 4 Capital Budget 2023/2024 and Monitoring for Period 9 - 1 April to 1 December 2023** 29 - 40
Report dated 10 January 2024 by the Chief Executive. (Copy attached)
- 5 Additional Funding from Scottish Government and Other External Sources** 41 - 44
Report dated 5 January 2024 by the Chief Executive. (Copy attached)

Item(s) for Decision

- 6 Recommendations Referred by the Finance and Corporate Resources Committee - Non-Domestic Rates - Empty Property Relief Policy** 45 - 48
Report dated 3 January 2024 by the Chief Executive. (Copy attached)
- 7 Land and Property Transfers and Disposals** 49 - 52
Report dated 15 December 2023 by the Executive Director (Housing and Technical Resources). (Copy attached)

Item(s) for Noting

- 8 Update on the Budget Strategy for 2024/2025** 53 - 62
Report dated 9 January 2024 by the Chief Executive. (Copy attached)
- 9 Commercial Opportunities** 63 - 66
Report dated 8 January 2024 by the Executive Director (Community and Enterprise Resources). (Copy attached)
- 10 Representation on Outside Bodies - Clydesdale Citizens' Advice Bureau** 67 - 68
Report dated 4 January 2024 by the Chief Executive. (Copy attached)

Urgent Business

11 Urgent Business

Any other items of business which the Chair decides are urgent.

Exclusion of Press and Public

12 Exclusion of Press and Public

It is recommended that the Committee makes the following resolution:-

"That, in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, the press and public be excluded from the meeting for the following item(s) of business on the grounds that it is likely that there will be disclosure of exempt information in terms of Paragraphs 6 and 8 of Part I of Schedule 7A of the Act."

Item(s) for Decision

13 Capital Budget 2023/2024 - Exception for Greenhills Roads Capital Project

- Exempt information in terms of Paragraph 6 of Part I of Schedule 7A of the Act
- Exempt information in terms of Paragraph 8 of Part I of Schedule 7A of the Act

For further information, please contact:-

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EXECUTIVE COMMITTEE

2

Minutes of meeting held via Confero and in Committee Room 1, Council Offices, Almada Street, Hamilton on 22 November 2023

Chair:

Councillor Joe Fagan (ex officio)

Councillors Present:

Councillor Alex Allison, Councillor John Anderson, Councillor Robert Brown, Councillor Andy Carmichael, Councillor Maureen Chalmers, Councillor Ross Clark, Councillor Margaret Cooper, Councillor Andrea Cowan, Councillor Margaret Cowie (*substitute for Councillor Mo Razzaq*), Councillor Maureen Devlin, Councillor Gladys Ferguson-Miller, Councillor Elise Frame (*substitute for Councillor Mark Horsham*), Councillor Lynsey Hamilton, Councillor Eileen Logan, Councillor Katy Loudon, Councillor Hugh Macdonald, Councillor Ian McAllan, Councillor Catherine McClymont, Councillor Kenny McCreary, Councillor Lesley McDonald, Councillor Mark McGeever, Councillor Davie McLachlan, Councillor Richard Nelson, Councillor John Ross, Councillor David Shearer, Councillor Margaret B Walker

Councillors' Apologies:

Councillor Gerry Convery (Depute), Councillor Mark Horsham, Councillor Mo Razzaq, Councillor Kirsten Robb

Attending:

Chief Executive's Service

C Sneddon, Chief Executive

Community and Enterprise Resources

D Booth, Executive Director

Education Resources

C McKenzie, Executive Director

Finance and Corporate Resources

P Manning, Executive Director; C Fergusson, Head of Finance (Transactions); M Gordon, Administration Assistant; J Kerr, Community Engagement Manager; T Little, Head of Communications and Strategy; P MacRae, Administration Adviser; G McCann, Head of Administration and Legal Services; M Milne, Head of Personnel Services

Housing and Technical Resources

S Gibson, Executive Director; S Egan, Head of Housing Services

Health and Social Care/Social Work Resources

S Sengupta, Director, Health and Social Care

Chair's Remarks

The Chair advised of an item of urgent business in relation to the reduction in the number of specialist palliative care beds at Kilbryde Hospice which would be considered at the appropriate point in the meeting.

1 Declaration of Interests

The following interest was declared:-

Councillor(s)

Logan

Item(s)

Item of Urgent Business – Reduction in Number of Specialist Palliative Care Beds at Kilbryde Hospice

Nature of Interest(s)

Member of the Board of NHS Lanarkshire

2 Minutes of Previous Meeting

The minutes of the meeting of the Executive Committee held on 11 October 2023 were submitted for approval as a correct record.

The Committee decided: that the minutes be approved as a correct record.

3 Revenue Budget Monitoring for Period 1 April 2023 to 6 October 2023

A report dated 23 October 2023 by the Executive Director (Finance and Corporate Resources) was submitted on the overall financial position of the Council's General Fund Revenue Account and Housing Revenue Account for the period 1 April to 6 October 2023.

At 6 October 2023, the position on the General Fund Revenue Account was breakeven. Details were given on:-

- ◆ budget pressures within Children and Families Services
- ◆ the position within the Adult and Older People Service following the outcome of the job evaluation exercise for home carers
- ◆ maintenance of teacher and pupil support numbers

The Housing Revenue Account showed a breakeven position at 6 October 2023, as detailed in Appendix 2 of the report.

The Committee decided:

- (1) that the break-even position on the General Fund Revenue Account at 6 October 2023, as detailed in section 4 and Appendix 1 of the report, be noted; and
- (2) that the break-even position on the Housing Revenue Account at 6 October 2023, as detailed in section 5 and Appendix 2 of the report, be noted.

[Reference: Minutes of 11 October 2023 (Paragraph 3)]

4 Capital Budget 2023/2024 and Monitoring for Period 7 - 1 April 2023 to 6 October 2023

A report dated 1 November 2023 by the Executive Director (Finance and Corporate Resources) was submitted on progress of the General Fund Capital Programme and the Housing Capital Programme for the period 1 April to 6 October 2023.

At its meeting on 11 October 2023, the Committee had approved a General Fund Capital Programme for 2023/2024 totalling £80.356 million. A revised programme of £78.901 million was now anticipated which included proposed adjustments to the programme totalling a net decrease of £1.455 million. Those were detailed in Appendix 1 of the report.

At 6 October 2023, £24.057 million had been spent on the General Fund Capital Programme, against a budget for the period of £24.144 million, resulting in spending being slightly behind programme in the sum of £0.087 million. Actual funding received to 6 October 2023 totalled £48.992 million. The programme spend and funding for the General Fund for the period was detailed in appendices 2 and 3 of the report.

The Housing Capital Programme 2023/2024, approved by the Executive Committee at its meeting on 11 October 2023, totalled £69.596 million. As a result of utility delays in respect of the project for 50 units at Brackenhill Farm, Hamilton, it was proposed that £2.153 million be slipped into the

2024/2025 capital programme to better reflect the anticipated timing of spend. A revised Housing Capital Programme of £67.443 million was now anticipated. Programmed funding for the year also totalled £67.443 million and details of the position of the programme at 6 October 2023 were provided in Appendix 4 of the report.

At 6 October 2023, the budget for the Housing Capital Programme amounted to £23.016 million. Expenditure for the period totalled £23.513 million and actual funding received to 6 October 2023 also amounted to £23.513 million.

Officers responded to members' questions on various aspects of the report.

The Committee decided:

- (1) that the adjustments to the General Fund programme, as detailed at Appendix 1 of the report, and the Housing Programme, as detailed in section 5.2 of the report, be approved;
- (2) that the period 7 position at 6 October 2023 of the General Fund Capital Programme, as detailed in appendices 2 and 3 of the report and the Housing Capital Programme, as detailed in Appendix 4 of the report, be noted; and
- (3) that the revised programmes be monitored by the Financial Resources Scrutiny Forum.

[Reference: Minutes of 11 October 2023 (Paragraph 4)]

5 Additional Funding from Scottish Government and Other External Sources

A report dated 23 October 2023 by the Executive Director (Finance and Corporate Resources) was submitted on additional funding, totalling £0.579 million, which had been made available to the Council by the Scottish Government and other external sources.

The funding had been allocated as follows:-

Capital Funding

Resource	2023/2024 (£m)
Community and Enterprise	0.579
Total	0.579

The Committee decided: that the report be noted.

[Reference: Minutes of 11 October 2023 (Paragraph 5)]

6 Employee Workforce Monitoring Information April to September 2023 Summary

A report dated 25 October 2023 by the Executive Director (Finance and Corporate Resources) was submitted on workforce monitoring information relating to the Council for the period April to September 2023 as follows:-

- ◆ attendance statistics
- ◆ occupational health statistics
- ◆ accident/incident statistics
- ◆ disciplinary hearings, grievances and Dignity at Work cases
- ◆ employee development
- ◆ labour turnover/analysis of leavers and exit interviews

- ◆ recruitment monitoring
- ◆ staffing watch as at 9 September 2023

Officers responded to members' questions on various aspects of the report and undertook to provide information on the cost of absence, in monetary terms, to the Council.

The Committee decided: that the report be noted.

[Reference: Minutes of 1 December 2021 (Paragraph 6)]

7 Community Plan Quarter 4 Progress Report 2022-2023 and Annual Outcomes Improvement Report

A report dated 1 November 2023 by the Executive Director (Finance and Corporate Resources) was submitted on progress against the outcomes within the Community Plan 2022/2023 as at 31 March 2023.

The South Lanarkshire Community Plan, approved in October 2017, set out the priorities and outcomes for the Community Planning Partnership over a 10-year period from 2017 to 2027. Subsequently, a revised Community Plan had been approved by the Partnership Board on 22 June 2022 which covered the period 2022 to 2032. In order to meet the requirement to publish a Local Outcomes Improvement Plan, as required by the Community Empowerment Act (Scotland) Act 2015, it had been agreed that an Annual Outcomes Improvement report would be published alongside the Community Plan Progress Report.

The Quarter 4 progress report, attached as Appendix 1 to the report, summarised progress against the Community Plan to March 2023. The Annual Outcome Improvement Report, which detailed the progress of the South Lanarkshire Community Planning Partnership during 2022/2023, was attached as Appendix 2 to the report.

The report provided a summary of progress against the outcomes of the Community Plan using a traffic light system of red/amber/green. A blue status had also been included which indicated that the action to achieve change had been completed. Of the 32 measures contained within the Plan, none had been completed, 26 were judged to be on course to achieve the targets set (green), 1 was judged to be considerably off target (red) and 3 were judged to be slightly off target (amber). There were 2 measures which would be reported later.

Details were given on:-

- ◆ the 3 amber and 1 red measures, together with explanatory commentary
- ◆ key achievements for 2022/2023, in relation to priority themes

There followed a full discussion during which officers responded to members' questions, particularly in relation to issues arising from the indicator in respect of homelessness.

The Committee decided:

- (1) that the progress made to date against the outcomes within the Community Plan 2022/2032, as detailed in Appendix 1 of the report, be noted; and
- (2) that the content of the Annual Outcomes Improvement Report, as detailed in Appendix 2 of the report, be noted.

[Reference: Minutes of 2 November 2022 (Paragraph 6)]

8 Land and Property Transfers and Disposals

A report dated 31 October 2023 by the Executive Director (Housing and Technical Resources) was submitted on proposed actions in respect of land and property transactions.

The recommendations had been made in terms of agreed procedures for dealing with surplus land and property.

The Committee decided: that the land and property, as detailed in Appendix A of the report, be declared surplus to requirements.

9 Cost of Living – Support

A report dated 4 July 2023 by the Executive Director (Finance and Corporate Resources) was submitted providing an overview of the support provided to households in South Lanarkshire in response to the cost of living crisis and seeking agreement for the direction of funds to support further activity.

While inflationary pressures were easing, nevertheless, the financial pressure on household incomes remained significant. There were signs that energy costs were starting to ease, however, they remained significantly higher than pre February 2022 costs.

In the period 2023/2024 and 2024/2025, the Money Matters Advice Service (MMAS) would continue to support residents of South Lanarkshire experiencing food and fuel poverty by distributing cash vouchers through the Financial Wellbeing Support Fund in addition to continuing to provide referrals to food and fuel bank providers.

MMAS was working with the following organisations to provide residents with energy top up vouchers:-

- ◆ The Fuel Bank Foundation
- ◆ the MEGA Fund
- ◆ Scottish Power Hardship Fund
- ◆ Clydesdale Food Bank

MMAS also referred residents to Advice Direct Scotland in relation to grants available to residents who did not pay for their energy through pre-payment meters and to Home Energy Scotland in relation to energy advice through their mentoring schemes.

Details were given on support offered by the Benefits and Revenues Service including:-

- ◆ support for households which had fallen into arrears with or were experiencing difficulty paying council tax
- ◆ grants from the Scottish Welfare Fund
- ◆ support for low income households to pay their rent
- ◆ payment to low income households of School Clothing Grants and Free School Meals' (FSM) payments for school holidays and school strike days
- ◆ National Energy Support Schemes, administered by the Service

Details were also given on support for tenants provided by Housing Services and the write off of school meal debt.

In view of the rise in referrals to foodbanks, it was proposed to allocate £28,000 from the cash payments made by MMAS to support foodbanks. This would allow the 7 foodbanks in South Lanarkshire to benefit from a cash payment of £4,000 to support their operational costs such as utility costs, volunteer expenses and insurance.

It was also proposed to provide a further £100 payment to each looked after young person currently supported. An additional £40,000 one off payment would be made to the Council's partner, Who Cares Scotland, to ensure support for care experienced young people over the festive period. The cost of this initiative amounted to £0.135 million, funded from an allocation from the cash payments made by MMAS.

The Tackling Poverty Partnership Group in the Community Planning Partnership had produced an online resource and printed booklet entitled "Money is Not the Only Problem". Following the success of this resource, it was proposed that an allocation of £10,000 be made from funds allocated from cash payments made by MMAS to cover the cost of a further production run of 20,000 copies of the booklet.

The Council would continue to provide support from a range of services and budgets available, however, the challenges councils were facing constituted a limiting factor in the level of support available to households in South Lanarkshire.

The Committee decided:

- (1) that the range of support being provided by the Council to households in response to the ongoing impact of the cost-of-living crisis be noted; and
- (2) that the allocation of £0.173 million from the cash payments being delivered by Money Matters Advice Service to support foodbanks, looked after children and the production of 'Money is Not the Only Problem' booklets be approved.

[Reference: Minutes of 16 August 2023 (Paragraph 6)]

In terms of Standing Order No 14, the Chair adjourned the meeting following this item of business at 11.15am. The meeting reconvened at 11.25am

10 2024/2025 Revenue Budget Update and Savings Proposals

A report dated 10 November 2023 by the Executive Director (Finance and Corporate Resources) was submitted on the budget position for 2024/2025, including an update to the budget strategy and the savings proposals.

At its meeting on 21 June 2023, the Committee was advised of an expected budget gap for 2024/2025 of £29.207 million. Options to address the budget gap had been developed and savings options, presented to members at a Seminar held on 9 November 2023, were provided at section 6 of the report.

Since the budget strategy had been approved in June 2023, there had been developments in relation to external factors which could influence the Council's budget position. Officers were working to identify means of assisting in managing budget pressures.

Information was provided on :-

- ♦ the budget strategy in relation to external factors which could offset the budget gap. Those related to the 2023/2024 pay award offer which would result in a recurring financial burden in 2024/2025, for which the Scottish Government had indicated that it would provide £94 million of funding nationally, as well as the recent valuation of Strathclyde Pension Fund which had resulted in the reduction of employer pension contributions from the current 19.3% to 6.5% for 2024/2025 and 2025/2026, rising to 17.5% on 2026/2027. The use of the benefit of pay award funding, together with the pension contribution benefit, would see a reduction in the budget gap from £29.2 million to £22.7 million as detailed in Appendix 1 of

the report. Potential savings that required to be achieved over the 4 year period 2024/2025 to 2027/2028 were estimated at £96 million as detailed in Appendix 1

- ◆ the 2023/2024 Probable Outturn and Potential Contribution towards the 2024/2025 budget strategy which showed a number of budget areas where previously unanticipated variances were emerging. Those related to Empty Property Relief (EPR), where current estimates showed an overspend of £0.700 million, and loan charges, where deposit interest and underspend from deposit interest and Transformation Fund borrowing, allowing for a contribution to costs associated with achieving the 2024/2025 savings, amounted to £6 million over 2023/2024 to 2025/2026. The use of the probable outturn monies over 3 years would result in a £2 million benefit in 2024/2025, reducing the budget gap further to £20.7 million
- ◆ savings proposals, as detailed in Appendix 2, currently totalling £18.589 million. The Scottish Government had announced implementation of a Council Tax freeze for 2024/2025 which, it stated, would be fully funded, however, detail on the funding to made available in relation to the freeze had yet to be received
- ◆ Mainstream School Transportation, in particular, details of proposals to consult on changing the criteria for provision of school transport to match statutory limits, as detailed in Appendix 3 of the report, thereby increasing the distance qualification for free mainstream transport

It was anticipated that the Council would receive its 2024/2025 Local Government Settlement in December, following which an update would be provided to members in January 2024.

Having heard Councillor Fagan, the Committee agreed that recommendation 5 of the report be amended to exclude primary schools from the consultation on the Distance Qualification Criteria for Mainstream School Transport.

Officers responded to members' questions on various aspects of the report.

The Committee decided:

- (1) that the update to the budget strategy, as detailed in section 4 of the report, covering anticipated pay award funding, pension contributions benefits and expected outcomes from the probable outturn exercise, as detailed in section 5 of the report, be approved;
- (2) that the remaining budget gap of £20.7 million as detailed in Table 2 of the report, be noted;
- (3) that the savings that required to be achieved over the 4 year period, as detailed at section 5.11 and Appendix 1 of the report, amounting to £96 million, be noted;
- (4) that the savings proposals of £18.589 million, as detailed at section 6 and Appendix 2 of the report, be noted; and
- (5) that the consultation on the Distance Qualification Criteria for Mainstream School Transport, as detailed in section 7.2 of the report, be approved subject to the exclusion of primary schools from the process.

11 Programme for Government 2023

A report dated 25 October 2023 by the Executive Director (Finance and Corporate Resources) was submitted providing a summary of the Scottish Government's Programme for Government 2023/2024 and key items relevant to local government.

The Scottish Government published its Programme for Government (PfG), which set out the Government's key legislative and policy priorities for the year ahead, at the beginning of September each year.

99 of the 230 commitments featured in the PfG could be considered to have implications for local government. Those were itemised at Appendix 1 of the report together with an assessment of implications for the Council. The following issues were of particular significance for local government:-

- ◆ sustainable Scottish public finances
- ◆ public service reform
- ◆ working with local government
- ◆ supporting small business
- ◆ delivering fair work for all
- ◆ thriving local and regional economies
- ◆ national care service
- ◆ independent living fund
- ◆ sport
- ◆ tackling poverty
- ◆ preventing and ending homelessness and supplying affordable, safe homes
- ◆ supporting children and young people
- ◆ reforming our education and skills system
- ◆ investing in our schools
- ◆ circular economy
- ◆ culture and major events

Appendix 1 of the report showed the following for each of the themes identified in the PfG 2022/2023

- ◆ a summary of the relevant element in the Programme
- ◆ the focus from a Council perspective
- ◆ actions identified
- ◆ an indicative timeline and route for reporting to the relevant Committees

Details were also given on the legislative programme for 2023/2024, contained in the PfG

Executive Directors would report on relevant aspects of the PfG in their regular monitoring reports to committee.

The Committee decided: that the report be noted.

[Reference: Minutes of 2 November 2022 (Paragraph 11)]

12 Item of Urgent Business – Reduction in Number of Specialist Palliative Care Beds at Kilbryde Hospice

In terms of Standing Order 4(c) of the Council's Standing Orders on Procedures, the Chair decided that consideration be given to the following item of business as a matter of urgency.

Councillor Fagan referred to an item of urgent business which had been tabled, requesting that the Committee, on a cross party basis, refer the terms of a motion in relation to the Reduction in the Number of Specialist Palliative Care Beds at Kilbryde Hospice, East Kilbride, to the next meeting of the Council:-

- ◆ seeking reassurance from NHS Lanarkshire officials that the full complement of Specialist Palliative Care Beds at Kilbryde Hospice be reinstated at the earliest opportunity
- ◆ urging that senior officers of NHS Lanarkshire work with Kilbryde Hospice to secure a sustainable model of care and skill mix based on learning from other parts of the country

- ◆ requesting agreement to write to Jenni Minto, the Scottish Government Minister for Public Health and Women's Health, requesting that hospices receive fair and competent funding to enable them to continue to provide highly valued exceptional specialist palliative care for those who required it across our communities. This included highlighting the national shortage of palliative care consultant staff available to support the operation of hospices throughout the country

Following discussion and members having stressed the urgent need to address the current situation in respect of Kilbryde Hospice, it was proposed that:-

- ◆ the Chief Executive write to the Minister for Public Health and Women's Health and the Chair and Chief Executive of NHS Lanarkshire respectively highlighting the concerns detailed in the terms of the motion circulated to members
- ◆ NHS colleagues be asked to arrange a briefing session for members in relation to the issues raised in respect of Kilbryde Hospice and that consideration be given to inviting the Chief Executive of Kilbryde Hospice to attend the session
- ◆ the matter be considered at the next full Council meeting

The Committee decided:

- (1) that the Chief Executive write to the Minister for Public Health and Women's Health and the Chair and Chief Executive of NHS Lanarkshire respectively highlighting the concerns detailed in the terms of the motion circulated to members;
- (2) that NHS colleagues be asked to arrange a briefing session for members in relation to the issues raised in respect of Kilbryde Hospice and that consideration be given to inviting the Chief Executive of Kilbryde Hospice to attend the session; and
- (3) that the matter be considered at the next full Council meeting.

Councillor Logan, having declared an interest in this item, left the meeting prior to its consideration

Report

3

Report to:	Executive Committee
Date of Meeting:	24 January 2024
Report by:	Chief Executive

Subject:	Revenue Budget Monitoring for Period 1 April to 1 December 2023 and Probable Outturn
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise the Committee on the overall financial position of the Council's General Fund Revenue Account and Housing Revenue Account for the period 1 April to 1 December 2023 and a projection for the year to 31 March 2024.

2. Recommendation(s)

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

- (1) that including Resources, Corporate Items and Council Tax, and the proposed transfer to Reserves, the Council's outturn underspend of £9.000 million (section 4.2), be noted;
- (2) that the proposed transfers to reserves totalling £14.985 million (section 4.2), be approved;
- (3) that the non-recurring underspend of £1.272 million in the delegated budget to the Integration Joint Board (IJB) be held in reserves for their use in future years (section 4.9), be approved;
- (4) that the proposed use of £3.000 million of the Council's outturn underspend be transferred to Reserves to support budget pressures in 2024/2025 (section 4.17), be approved;
- (5) that the proposed use of the remaining £6.000 million of the Council's outturn underspend be transferred to Reserves (section 4.18), be approved;
- (6) that the redeterminations of 2023/2024 revenue grant funding, as included in the Local Government Finance Circular 8/2023 (section 6), be noted;
- (7) that the underspend of £0.593 million on the General Fund Revenue Account at 1 December 2023 (section 7.1), be noted; and
- (8) that the breakeven position on the Housing Revenue Account at 1 December 2023 and the forecast to 31 March 2024 of breakeven (section 8 and Appendix 4), be noted.

3. Background

3.1. This overview report will summarise the 2023/2024 Probable Outturn position for the Council's General Fund Revenue Account to 31 March 2024. An Executive Summary is provided in Section 4, while Section 5 provides the detail of the General Fund outturn position including details of proposed transfers to Reserves. Section 6 details the various 2023/2024 revenue grant redeterminations included in the Local Government Finance Settlement 2024/2025. Sections 7 and 8 provide the position on the General

Fund Account and the Housing Revenue Account for the current period 1 April 2023 to 01 December 2023 respectively.

- 3.2. When establishing the probable outturn position for the year, Resources were asked to take all known commitments into account. This report details the anticipated spend for the current year (Appendix 1) and proposes funds to be transferred to reserves for future commitments (Appendix 2). The report will also detail the position after the proposed transfers to reserves (Appendix 3) for those known commitments required in the next financial year. Finally, Appendix 4 provides the Housing Revenue Account position.

4. Executive Summary – 2023/2024 General Services Probable Outturn

- 4.1. This report and appendices provide a detailed analysis of the Council's financial position. While the full detail and background is provided in the report, the summary position including the key highlights is detailed in this Executive Summary.
- 4.2. The outturn position after transfers to reserves is an underspend of £9.000 million. This is including proposed transfers to reserves totalling £14.985 million (Appendix 2). A summary of the Outturn is detailed in Table 1.

Table 1: Analysis of Outturn Position After Transfers to Reserves

	£m
Resource Position (section 4.4)	(0.511)
Loan Charges (section 4.12)	0.198
Corporate Items (section 4.13)	6.051
Council Tax (section 4.15)	3.262
Probable Outturn Position	9.000

- 4.3. Each of these items are detailed below.
- 4.4. **Resources:** As covered in Section 5, Resources are reporting a combined overspend of £0.511 million. The position across Resources includes Transfers to Reserves totalling £1.750 million. These are summarised in section 5.2.
- 4.5. Community and Enterprise Resources are showing a breakeven position after Transfer to Reserves. This includes a proposed transfer of the Community Led Investment Monies (£0.200 million) which will spend in 2024/2025.
- 4.6. The overall Resource underspend also includes an Education Resources' overspend of £0.295 million.
- 4.7. In addition, there is an overspend of £0.216 million in Finance and Corporate Resources which reflects an anticipated overspend on Non-Domestic Rates Empty Property Relief.
- 4.8. Housing and Technical Resources is showing a breakeven position after Transfers to Reserves.
- 4.9. The position for the Social Work Resources Adults and Older People includes a £1.272 million commitment in relation to the element of the budget delegated to the Integrated Joint Board (IJB). These monies are part of the Council's contribution to the IJB and could have been retained by the Council, however, this assumed commitment allows the IJB to retain this non-recurring underspend within their reserves earmarked for future costs, in line with the approach to integrating health and social care budgets. It

is proposed that these monies will be retained in the Council's Balance Sheet and will be available for use by the IJB.

- 4.10. The Social Work Resources non-delegated Services position is also breakeven. This includes Children and Families. As reported previously, one-off funding totalling £9.2 million is being used in 2023/2024 to contribute towards the residual pressures of residential placements and fostering and kinship care. Ongoing actions on plans to manage the budget pressures are being pursued by management for the remainder of 2023/2024. In addition, the Resource is working towards managing the overall budget pressure in Children and Families by 2024/2025.
- 4.11. All Resource transfers to Reserves are shown in Appendix 2.
- 4.12. **Loan Charges:** There is an in-year underspend of £0.198 million. This is after proposed Transfers to Reserves (Appendix 2). This is due to higher than anticipated deposit interest resulting from the ongoing high interest rates as well as the level of deposits being higher than originally forecast. Details are provided in sections 5.9 to 5.12.
- 4.13. **Corporate Items:** There is a net underspend of £6.051 million for Corporate Items after known commitments and including proposed Transfers to Reserves totalling £0.983 million. This is predominantly due to the successful settlement of an unbudgeted historic VAT claim that was advised to the Council in mid-December 2023. This is covered in detail in section 5.14.
- 4.14. The Corporate Items position includes the impact of the Council funding its share of the national pay award for Local Government employees, as per the national agreement with the Scottish Government. This totals circa £1 million and has been met from Reserves in 2023/2024. These will be reimbursed by the Scottish Government into 2024/2025, and the Reserves will then be replenished.
- 4.15. **Council Tax / Council Tax Reduction Scheme (CTRS):** There is a net over recovery of Council Tax/CTRS of £3.262 million (sections 5.19 and 5.20). The over recovery of Council Tax mainly reflects levels of in-year collection from properties as well as additional income in relation to arrears collection and empty properties.
- 4.16. **Summary and Proposals:** As noted in section 4.2, there is an overall underspend of £9.000 million after Transfers to Reserves.
- 4.17. It is proposed that £3.000 million be transferred to reserves and be used to fund Budget pressures in 2024/2025.
- 4.18. In addition, it is proposed that £6.000 million be transferred to reserves. These monies could be used in the Council's Budget Strategy, bearing in mind the previously identified savings requirement of £95.8 million across the 4 years from 2024/2025.
- 4.19. Further details of the Probable Outturn position are provided in the remainder of the report.
- 5. 2023/2024 General Services Probable Outturn – Resources and Corporate Lines**
- 5.1. **Total Resource Position:** The outturn position, before any transfers to reserves, is an underspend of £1.239 million.

- 5.2. Resources are proposing transfers to reserves totalling £1.750 million. These are detailed in Appendix 2. Taking these transfers into account results in a net Resources' overspend of £0.511 million. Details across Resources are shown in Table 2.

Table 2: Resource Outturn

	Outturn Before Transfers to Reserves £m	Transfers to Reserves £m	Outturn After Transfers to Reserves £m	over/ under £m
Community and Enterprise	0.240	0.240	0.000	-
Education	(0.295)	0.000	(0.295)	over
Finance and Corporate	(0.216)	0.000	(0.216)	over
Housing and Technical	1.510	1.510	-	-
Social Work – Delegated to IJB	-	-	-	-
Social Work – Non Delegated	-	-	-	-
Joint Boards	-	-	-	-
	1.239	1.750	(0.511)	over

- 5.3. Community and Enterprise Resources are showing a breakeven position after Transfer to Reserves. This includes a proposed transfer of the Community Led Investment Monies (£0.200 million) which will spend in 2024/2025.
- 5.4. The Education Resources' overspend takes account of the financial impacts of periods of industrial action throughout the year.
- 5.5. The Finance and Corporate Resources' overspend includes the anticipated overspend on Empty Property Relief (paragraph 5.3 of the 2024/2025 Revenue Budget Update and Savings report to Executive Committee, 22 November 2023).
- 5.6. Housing and Technical Resources are showing a breakeven position after Transfers to Reserves.
- 5.7. The position for the Social Work Resources Adults and Older People includes a £1.272 million commitment in relation to the element of the budget delegated to the Integrated Joint Board (IJB). As this is an underspend on the Council's contribution to the IJB, this could have been retained by the Council, however, this assumed commitment allows the IJB to retain this non-recurring underspend within their reserves earmarked for future costs, in line with the approach to integrating health and social care budgets. These monies will be retained in the Council's Balance Sheet and will be available for use by the IJB.
- 5.8. The Social Work Resources non-delegated Services position is also breakeven. This includes Children and Families. As reported previously, one-off funding totalling £9.2 million is being used in 2023/2024 to contribute towards the residual pressures of residential placements and fostering and kinship care, some of which is a legacy from the pandemic. Ongoing actions on plans to manage the budget pressures are being pursued by management for the remainder of 2023/2024. In addition, the Resource is working towards managing the overall budget pressure in Children and Families by 2024/2025.
- 5.9. **Loan Charges:** The loan charges budget outturn is showing an in-year underspend of £9.456 million. This is before transfers to Reserves of £9.258 million. After these proposed transfers, detailed in sections 5.10 and 5.11, the underspend is £0.198 million, and is attributed to higher than anticipated deposit interest.

- 5.10. As noted in the Service Concessions paper (Council, 18 January 2023), there is an underspend anticipated in Loan Charges in the years from 2022/2023 to 2025/2026. These underspends will require to be set aside to manage anticipated overspends in the years 2026/2027 to 2031/2032. For 2023/2024, this totals £3.758 million and is included in the proposed transfers in Appendix 2.
- 5.11. The 2024/2025 Revenue Budget Update and Savings report to Executive Committee (22 November 2023) noted that the Council are currently attracting high levels of deposit interest on cash balances held. This is due to high interest rates being paid by counterparties. There is also an anticipated underspend against borrowing costs relating to the Transformation Fund for Leisure and Culture. The estimated underspend at that point totalled £5.5 million and was included in the Budget Update paper presented to members in November 2023, and is included in the proposed Transfers to Reserves.
- 5.12. A breakdown of the Transfer to Reserves can be seen in Table 3.

Table 3: Loan Charges – Transfers to Reserves

	£m
Underspend to manage future anticipated overspends in Loan Charges (section 5.10 and Council, 18 January 2023)	3.758
Underspend from Deposit Interest and Transformation Fund borrowing 2023/2024 (section 5.11 and Executive Committee, 22 November 2023)	5.500
Total Proposed Transfers to Reserves	9.258

- 5.13. **Corporate Items:** The outturn position before proposed transfers to reserves of £0.983 million (Appendix 2) is an underspend of £7.034 million. After transfers, the outturn is an underspend of £6.051 million. In the main, the underspend before transfers relates to unbudgeted income from a historic VAT claim to HMRC (£4.878 million) (section 5.14), unrequired budget allocation for Waste/PPP costs (£0.766 million), lower than anticipated Non-Domestic Rates across the Council (£0.458 million), and a contingency budget (£0.400 million).
- 5.14. Background to the VAT refund is that prior to 2009, various pieces of legislation were legally challenged with regards to VAT, resulting in the Council being reimbursed £1.633 million by HMRC in 2009/2010. Since then, there has been further legal challenge which has been upheld, with the result being a further benefit to the Council in 2023/2024 of £4.878 million. The Council was advised of this on 11 December 2023.
- 5.15. The Corporate Items position includes the impact of the Council funding its share of the national pay award for Local Government employees, as per the national agreement with the Scottish Government. This totals circa £1 million and has been met from Reserves in 2023/2024. These will be reimbursed by the Scottish Government into 2024/2025, and the Reserves will then be replenished.
- 5.16. As noted, the position above is after the following proposed Transfers to Reserves totalling £0.983 million:
- ♦ **Service Concessions – Impact of Accounting for PPP Transactions (£0.437 million):** As part of the new accounting arrangements, the Council took the benefit of a recurring saving which averaged £4.000 million per annum. The actual value of the saving realised in 2023/2024 is £4.437 million, a benefit of £0.437 million against the saving of £4.000 million. This is in line with the

anticipated profile of the savings set out in the Service Concession paper (18 January 2023). As the saving generated will be less than the £4.000 million in some years, it is proposed that this benefit/underspend is transferred to Reserves to be used to balance the saving over years

- ◆ **Insurance Fund (£0.300 million):** The Insurance Fund will require additional budget in 2024/2025 due to increased premiums and claim payments incurred. It is proposed that £0.300 million is transferred to Reserves to fund these pressures
- ◆ **Central Energy Efficiency Fund (£0.246 million):** Resources are allocated funding from the Central Energy Efficiency Fund (CEEF) Reserve to pay for spend to save projects. When the savings are generated from the project in future years, they repay the initial costs to the CEEF Reserve. This over recovery of income (£0.246 million) represents the repayment to be transferred to the CEEF Reserve in 2023/2024 and is included in the proposed transfers to reserves in Appendix 2. The position after this is breakeven

5.17. **2023/2024 Investments – Transfer to Reserves:** As part of the 2023/2024 budget process, £7.747 million was made available for investments across the Council. Of this, £2.994 million had previously been earmarked to be transferred to Reserves for use in future years, reflecting the timing profile of the spend across each initiative. After Transfers to Reserves, this leaves no variance on this budget line.

5.18. All Resource spend against investment monies will continue to be monitored, with any further Transfers to Reserves considered at year-end.

5.19. **Council Tax including Council Tax Reduction Scheme (CTRS):**
The Net Council Tax / CTRS budget line is showing an over recovery of £3.262 million. This is made up of an over recovery of Council Tax of £3.292 million offset by a CTRS overspend of £0.030 million.

5.20. The Council Tax over recovery of £3.292 million is due to:

- ◆ Empty Properties (£0.215 million) – higher than anticipated income from empty properties against a budget of £0.650 million
- ◆ Arrears (£0.607 million) – higher than anticipated arrears income against a budget of £1.4 million
- ◆ Additional Properties (£2.176 million) – higher than anticipated income from additional in year properties now contributing to Council Tax income
- ◆ Second Homes (£0.294 million) – higher than anticipated income from second homes' council tax payments against a budget of £0.500 million

5.21. **Summary of Overall Outturn Position**

Taking into account the position across the Budget areas as detailed in sections 5.1 to 5.20, the outturn position is an underspend of £9.000 million.

5.22. It is proposed that £3.000 million be transferred to reserves and be used to fund Budget pressures in 2024/2025.

5.23. In addition, it is proposed that £6.000 million be transferred to reserves. These monies could be used in the Council's Budget Strategy, bearing in mind the previously identified savings requirement of £95.8 million across the 4 years from 2024/2025.

5.24. The full Probable Outturn is summarised in Table 4.

Table 4: Summary of Overall Outturn Position

	£m
Position before Transfers:	
Resources Underspend (sections 5.1 – section 5.8)	1.239
Loan Charges Underspend (section 5.9 – 5.12)	9.456
Corporate Items Underspend (section 5.13 – section 5.16)	7.034
2023/2024 Investments – Transfers to Reserves (section 5.17)	2.994
Council Tax / CTRS Net Over Recovery (section 5.19 – 5.20)	3.262
Forecast Underspend Before Transfers to Reserves	23.985
Less:	
Proposed Transfers to Reserves (Appendix 2)	(14.985)
Forecast Underspend AFTER Transfers to Reserves	9.000
Less:	(9.000)
Additional Proposed Transfers to Reserves (sections 5.22 - 5.23 and Appendix 2)	
Breakeven Position AFTER Transfers to Reserves	-

5.25. Table 4 also shows the 2023/2024 Probable Outturn position of breakeven, after transfers to Reserves.

6. Redeterminations of 2023/2024 Revenue Grant Funding

6.1. The Local Government Finance Circular 8/2003 was published on 21 December 2023. This circular confirmed previously advised monies for 2023/2024 and also some additional earmarked funding for a number of Council services. The bullets below show the detail of the new redetermination monies.

- ♦ **2023/2024 Pay Award:** £9.142 million has been provided to fund the 2023/2024 pay award to Council employees. This budget has been allocated across Resources as appropriate.
- ♦ **2023/2024 Pay Award (Teachers):** £10.080 million has been provided to fund the 2023/2024 pay award to Teachers. This budget has been allocated to Education Resources.
- ♦ **Ukraine Refugees:** £1.485 million has been provided to fund continued support to Ukrainian Refugee Resettlement and associated services. This budget has been allocated to Housing and Technical Resources and included as a Transfer to Reserves for use in future years (Appendix 2).
- ♦ **Teacher Induction Scheme:** £2.306 million has been provided to fund the cost of additional probationer teachers in 2023/2024. This budget has been allocated to Education Resources.
- ♦ **Fostering and Kinship Care:** £0.952 million provided to support the cost of fostering and kinship in 2023/2024. This budget has been allocated to Social Work Resources.

6.2. The figures included in appendices 1 and 3 have been updated to reflect these monies.

6.3. **Teacher Numbers:** As previously reported, the Cabinet Secretary had held back £45.5 million of funding nationally for the maintenance of Teacher Numbers, until after the 2023 Census details are received by the Government, and until councils provide assurance that they have maintained teacher numbers and pupil support numbers at

the 2022 level. For the Council, this amounts to £2.934 million. The release of these monies was not confirmed in the recent Finance Circular, however, on the basis that the Council has maintained its Teacher Numbers, the amount of £2.934 million has been assumed as being received. Members will be advised if this is not the case.

7. 2023/2024 General Services Monitoring Position

7.1. Financial Position as at 1 December 2023

As at 1 December 2023, the position on the General Services budget is a net underspend of £0.593 million, after transfers to Reserves. This is shown in Appendix 3.

8. Housing Revenue Account Position

8.1. Financial Position as at 1 December 2023: Appendix 4 of the report shows a breakeven position against the phased budget on the Housing Revenue Account.

8.2. Probable Outturn Position: Appendix 4 also shows the forecast position for the financial year, being a breakeven position for the Housing Revenue Account.

8.3. This breakeven position includes a lower than budgeted Transfer from Reserves being required in the financial year. It is assumed that the increased level of costs experienced will be offset by an underspend in Loan Charges this financial year.

8.4. The reduction in Loan Charges is anticipated in 2023/2024 as a result of utilising an in-year benefit from the Housing Revenue Account Loans Fund Review. This work has been carried out and forms part of the 2024/2025 budget setting report for the HRA to this Committee (Housing Revenue and Capital Account Budget 2024/2025).

9. Employee Implications

9.1. None.

10. Financial Implications

10.1. As detailed in sections 4 to 8 of the report.

11. Climate Change, Sustainability and Environmental Implications

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

12. Other Implications

12.1. The main risk associated with the Council's Revenue Budget is that there is an overspend. As detailed in section 4, inflationary and budget pressures this year increase the risk of overspend, however, we have mitigated this going forwards through providing additional funds in future years budget strategy, and through the one-off use of reserves in the current year.

12.2. We will also continue to monitor the actual impact through four weekly Budget Monitoring Meetings at which any variance is analysed. In addition, the Probable Outturn exercise included in this report ensures early warning for corrective action to be taken where appropriate.

12.3. There are no implications for sustainability in terms of the information contained in this report.

13. Equality Impact Assessment and Consultation Arrangements

- 13.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
- 13.2. There is also no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning
Chief Executive

10 January 2024

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ None

List of Background Papers

- ◆ Financial Ledger and budget monitoring results to 1 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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SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report (BEFORE Transfers)
Period Ended 1 December 2023 (No.9)

<u>Committee</u>	Annual Budget	Annual Forecast BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Budget Proportion To 01/12/23	Actual to Period 10 01/12/23	Variance to 01/12/23	
Departments:	£m	£m	£m	£m	£m	£m	
Community and Enterprise Resources	139.279	139.039	0.240	86.137	86.137	0.000	
Facilities, Waste and Grounds	83.200	82.873	0.327	52.467	52.035	0.432	under
Leisure and Culture Services	23.227	23.044	0.183	16.852	16.852	0.000	
Planning and Regulatory Services	5.382	5.018	0.364	3.612	3.491	0.121	under
Enterprise and Sustainable Development	5.973	5.664	0.309	1.709	1.548	0.161	under
Roads, Transportation and Fleet	21.497	22.440	(0.943)	11.497	12.211	(0.714)	over
Education Resources	439.709	440.004	(0.295)	278.163	278.163	0.000	
Education	439.709	440.004	(0.295)	278.163	278.163	0.000	
Finance and Corporate Resources	44.104	44.320	(0.216)	35.497	35.497	0.000	
Finance Services - Strategy	2.306	2.272	0.034	2.407	2.371	0.036	under
Finance Services - Transactions	19.450	19.631	(0.181)	11.924	11.786	0.138	under
Audit and Compliance Services	0.411	0.417	(0.006)	0.397	0.412	(0.015)	over
Information Technology Services	5.542	5.542	0.000	7.782	7.870	(0.088)	over
Communications and Strategy Services	2.966	2.966	0.000	2.319	2.310	0.009	under
Administration and Licensing Services	4.510	4.730	(0.220)	3.457	3.623	(0.166)	over
Personnel Services	8.919	8.762	0.157	7.211	7.125	0.086	under
Housing and Technical Resources	17.592	16.082	1.510	20.238	20.238	0.000	
Housing Services	10.229	8.673	1.556	6.329	6.281	0.048	under
Property Services	7.363	7.409	(0.046)	13.909	13.957	(0.048)	over
Social Work Resources	239.322	239.322	0.000	141.048	140.957	0.091	under
Performance and Support Services	6.686	6.501	0.185	4.329	4.154	0.175	under
Children and Families	48.885	49.175	(0.290)	31.841	32.192	(0.351)	over
Adults and Older People	182.252	182.252	0.000	103.459	103.343	0.116	under
Justice and Substance Misuse	1.499	1.394	0.105	1.419	1.268	0.151	under
Joint Boards	2.053	2.053	0.000	1.421	1.421	0.000	
	882.059	880.820	1.239	562.504	562.413	0.091	under

<u>Committee</u>	Annual Budget	Annual Forecast BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Budget Proportion To 01/12/23	Actual to Period 10 01/12/23	Variance to 01/12/23	
	£m	£m	£m	£m	£m	£m	
Service Departments Total	882.059	880.820	1.239	562.504	562.413	0.091	under
CFCR	0.038	0.038	0.000	0.000	0.000	0.000	-
Loan Charges	38.796	29.340	9.456	0.000	0.000	0.000	-
Corporate Items	(5.093)	(12.127)	7.034	0.316	(0.186)	0.502	under
Corporate Items – 23/24 Strategy	0.000	0.000	0.000	0.000	0.000	0.000	-
Investments – 2023/24 (T/f to Reserves)	2.994	0.000	2.994	0.000	0.000	0.000	-
Total Expenditure	918.794	898.071	20.723	562.820	562.227	0.593	under
Council Tax	179.102	182.394	3.292	123.994	123.994	0.000	over
Less: Council Tax Reduction Scheme	(23.278)	(23.308)	(0.030)	(16.116)	(16.116)	0.000	under
Net Council Tax	155.824	159.086	3.262	107.878	107.878	0.000	over
General Revenue Grant	350.757	350.757	0.000	242.832	242.832	0.000	-
Non-Domestic Rates	341.536	341.536	0.000	236.448	236.448	0.000	-
Transfer from Reserves	70.677	70.677	0.000	70.677	70.677	0.000	-
Total Income	918.794	922.056	3.262	657.835	657.835	0.000	-
Net Expenditure / (Income)	0.000	(23.985)	23.985	(95.015)	(95.608)	0.593	under

Proposed Transfers to Reserves included in the Probable Outturn

Purpose / Description	Resource	Value £m
Resources		
Investment Monies Investment monies allocated in 2023/2024 for Community Led Investments which will now spend in 2024/2025.	Community and Enterprise	0.200
Fleet Sinking Fund Annual contribution to the Fleet sinking fund to maintain asset replacement programme.	Community and Enterprise	0.025
Year 3 of Electric Vehicle Payback Ringfenced reserves used to manage purchase of electric vehicles in short term which have to be repaid over the next few years.	Community and Enterprise	0.015
Total Community and Enterprise Resources		0.240
Ukraine Resettlement Funding This funding forms part of the 2023/2024 revenue grant redeterminations and will be carried forward for use in 2024/2025.	Housing and Technical	1.485
Local Heat and Energy Efficiency Strategies (LHEES) Funding It is proposed that this external funding is carried forward to be utilised in 2024/2025.	Housing and Technical	0.025
Total Housing and Technical Resources		1.510
Total Resource Proposed Transfers to Reserves		1.750
Loan Charges		
Loan Charges Underspend Underspend to be set aside to manage future overspends predicted in Loan Charges as previously advised to members (Council, 18 January 2023)	Loan Charges	3.758
Loan Charges Underspend Underspend from Deposit Interest and Transformation Fund borrowing to be set aside as included in the 2024/2025 Budget Strategy. (Executive Committee, 22 November 2023)	Loan Charges	5.500
Total Loan Charges Proposed Transfers to Reserves		9.258
Corporate Items		
Service Concessions Underspend on Loan Charges used manage anticipated overspends in future years.	Corporate Items	0.437
Insurance Fund The Insurance Fund will require additional budget into 2024/2025.	Corporate Items	0.300
Central Energy Efficiency Fund (CEEF) Resources are allocated funding from the CEEF Reserve to pay for spend to save projects which they repay over future years from the revenue savings generated by the project. This transfer represents the payback of savings from Resources and allows the Reserve to be regenerated for use on future projects.	Corporate Items	0.246
Total Corporate Items Proposed Transfers to Reserves		0.983
Investments 2023/24 (T/f to Reserves)		
Front Line First – Facilities, Waste and Grounds From the total investment of £3 million, £1.086 million has been retained for spend in 2023/2024 with the remaining £1.914 million to be transferred to reserves for use in future years. The £1.914 million has been moved to the budget line 2023/2024 Investments – Transfers to Reserves and will be transferred to Reserves at the year-end.	Investments 2023/24 (T/f to Reserves)	1.914
Pre-School Clothing Grant From the total investment of £1.350 million, an amount of £0.270 million has been retained for spend in 2023/2024 with the remaining £1.080 million to be transferred to reserves for use in the next 4 years. The £1.080 million has been moved to the budget line 2023/2024 Investments – Transfers to Reserves and will be transferred to Reserves at the year-end.	Investments 2023/24 (T/f to Reserves)	1.080
Total Investments 2023/24 (T/f to Reserves)		2.994
Total Proposed Transfers		14.985

Additional Transfers to Reserves – Use of Outturn Underspend		
Budget Pressures It is proposed that £3.000 million be transferred to reserves and be used to fund Budget pressures into 2024/2025. This proposal is to use this temporary funding to manage the timing of when permanent budget solutions are identified / delivered.	Use of Outturn Underspend	3.000
Contribution to Budget Strategy In addition, it is proposed that £6.000 million be transferred to reserves. These monies could be used in the Council's Budget Strategy, bearing in mind the previously identified savings requirement of £95.8 million across the 4 years from 2024/2025.	Use of Outturn Underspend	6.000
Total Additional Transfers to Reserves – Use of Outturn Underspend		9.000

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report (AFTER Transfers)
Period Ended 1 December 2023 (No.9)

<u>Committee</u>	Annual Budget	Annual Forecast AFTER Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion To 01/12/23	Actual to Period 10 01/12/23	Variance to 01/12/23	
Departments:	£m	£m	£m	£m	£m	£m	
Community and Enterprise Resources	139.279	139.279	0.000	86.137	86.137	0.000	
Facilities, Waste and Grounds	83.200	82.873	0.327	52.467	52.035	0.432	under
Leisure and Culture Services	23.227	23.244	(0.017)	16.852	16.852	0.000	
Planning and Regulatory Services	5.382	5.018	0.364	3.612	3.491	0.121	under
Enterprise and Sustainable Development	5.973	5.664	0.309	1.709	1.548	0.161	under
Roads, Transportation and Fleet	21.497	22.480	(0.983)	11.497	12.211	(0.714)	over
Education Resources	439.709	440.004	(0.295)	278.163	278.163	0.000	
Education	439.709	440.004	(0.295)	278.163	278.163	0.000	
Finance and Corporate Resources	44.104	44.320	(0.216)	35.497	35.497	0.000	
Finance Services - Strategy	2.306	2.272	0.034	2.407	2.371	0.036	under
Finance Services - Transactions	19.450	19.631	(0.181)	11.924	11.786	0.138	under
Audit and Compliance Services	0.411	0.417	(0.006)	0.397	0.412	(0.015)	over
Information Technology Services	5.542	5.542	0.000	7.782	7.870	(0.088)	over
Communications and Strategy Services	2.966	2.966	0.000	2.319	2.310	0.009	under
Administration and Licensing Services	4.510	4.730	(0.220)	3.457	3.623	(0.166)	over
Personnel Services	8.919	8.762	0.157	7.211	7.125	0.086	under
Housing and Technical Resources	17.592	17.592	0.000	20.238	20.238	0.000	
Housing Services	10.229	10.158	0.071	6.329	6.281	0.048	under
Property Services	7.363	7.434	(0.071)	13.909	13.957	(0.048)	over
Social Work Resources	239.322	239.322	0.000	141.048	140.957	0.091	under
Performance and Support Services	6.686	6.501	0.185	4.329	4.154	0.175	under
Children and Families	48.885	49.175	(0.290)	31.841	32.192	(0.351)	over
Adults and Older People	182.252	182.252	0.000	103.459	103.343	0.116	under
Justice and Substance Misuse	1.499	1.394	0.105	1.419	1.268	0.151	under
Joint Boards	2.053	2.053	0.000	1.421	1.421	0.000	
	882.059	882.570	(0.511)	562.504	562.413	0.091	under

<u>Committee</u>	Annual Budget	Annual Forecast AFTER Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion To 01/12/23	Actual to Period 10 01/12/23	Variance to 01/12/23	
	£m	£m	£m	£m	£m	£m	
Service Departments Total	882.059	882.570	(0.511)	562.504	562.413	0.091	under
CFCR	0.038	0.038	0.000	0.000	0.000	0.000	-
Loan Charges	38.796	38.598	0.198	0.000	0.000	0.000	-
Corporate Items	(5.093)	(11.144)	6.051	0.316	(0.186)	0.502	under
Corporate Items – 23/24 Strategy	0.000	0.000	0.000	0.000	0.000	0.000	-
Investments – 2023/24 (T/f to Reserves)	2.994	2.994	0.000	0.000	0.000	0.000	-
Total Expenditure	918.794	913.056	5.738	562.820	562.227	0.593	under
Council Tax	179.102	182.394	3.292	123.994	123.994	0.000	over
Less: Council Tax Reduction Scheme	(23.278)	(23.308)	(0.030)	(16.116)	(16.116)	0.000	over
Net Council Tax	155.824	159.086	3.262	107.878	107.878	0.000	-
General Revenue Grant	350.757	350.757	0.000	242.832	242.832	0.000	-
Non-Domestic Rates	341.536	341.536	0.000	236.448	236.448	0.000	-
Transfer from Reserves	70.677	70.677	0.000	70.677	70.677	0.000	-
Total Income	918.794	922.056	3.262	657.835	657.835	0.000	-
Net Expenditure / (Income)	0.000	(9.000)	9.000	(95.015)	(95.608)	0.593	under

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 1 December 2023 (No.9)
Housing Revenue Account

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 01/12/23	Actual to Period 9 01/12/23	Variance to 01/12/23		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	15.310	15.401	(0.091)	10.015	10.054	(0.039)	over	(0.4%)	
Property Costs	50.929	56.610	(5.681)	29.002	32.968	(3.966)	over	(13.7%)	1
Supplies & Services	0.653	0.691	(0.038)	0.478	0.488	(0.010)	over	(2.1%)	
Transport & Plant	0.196	0.189	0.007	0.130	0.121	0.009	under	6.9%	
Administration Costs	5.570	5.597	(0.027)	0.363	0.378	(0.015)	over	(4.1%)	
Payments to Other Bodies	2.974	2.979	(0.005)	1.395	1.401	(0.006)	over	(0.4%)	
Payments to Contractors	0.100	0.145	(0.045)	0.062	0.062	0.000	-	0.0%	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	0.0%	
Financing Charges	27.162	27.162	0.000	24.390	24.390	0.000	-	0.0%	
Total Controllable Expenditure	102.894	108.774	(5.880)	65.835	69.862	(4.027)	over	(6.1%)	
Total Controllable Income	(115.940)	(116.768)	0.828	(70.811)	(71.086)	0.275	over recovered	0.4%	2
Transfer to/(from) Balance Sheet	(4.907)	(0.853)	(4.054)	(2.093)	0.000	(2.093)	under recovered	(100.0%)	3
Net Controllable Expenditure	(17.953)	(8.846)	(9.107)	(7.069)	(1.224)	(5.845)	over	(82.7%)	
Add: Non Controllable Budgets									
Financing Charges	17.953	8.846	9.107	5.584	0.000	5.845	under	-100.0%	
Total Budget	0.000	0.000	0.000	(1.224)	(1.224)	0.000	-	0.0%	

Variance Explanations

1. The net overspend reflects the volume and cost of repairs and maintenance, including additional costs for the internal contractor. There is also an overspend in relation to cleaning charges.
2. The additional income is due to the favourable timing of new build and purchased council housing units being available to rent.
3. The timing impact of the net overspend requires a higher than budgeted transfer from reserves at this time.

Virements

None.

Report

4

Report to:	Executive Committee
Date of Meeting:	24 January 2024
Report by:	Chief Executive

Subject:	Capital Budget 2023/2024 and Monitoring for Period 9 - 1 April 2023 to 1 December 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 2023 to 1 December 2023

2. Recommendation(s)

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

- (1) that the adjustments to the General Fund Programme, listed at Appendix 1, be approved;
- (2) that the period 9 position (ended 1 December 2023) of the General Fund Capital Programme detailed in appendices 2 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 1 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 22 November 2023 was £78.901 million. A revised programme of £71.696 million is now anticipated, a reduction of £7.205 million from the previously approved position.

4.2. This revised programme of £71.696 million reflects proposed adjustments to the programme, totalling a net decrease of £1.140 million, which are detailed in Appendix 1.

4.3. These adjustments reflect a delay in the Vacant and Derelict Land funded project at Langlands West Industrial Development Site, East Kilbride as the remediation works

at the site are unable to commence until the contractor at Greenhills Road has finalised their outstanding works (£0.500 million) and the community-led project at Carluke High Mill Community Facility (£0.501 million), where the delay in receiving Regeneration Capital Grant funding has impacted project timescales. Finally, due to project timescales, both the Community Bus Fund grant (£0.303 million) and SPT funding on Lanark Interchange cannot be utilised this financial year. The Community Bus Fund grant will be utilised in 2024/2025 instead.

- 4.4. The decrease in the programme above is partially offset by budget increases with developer's contributions identified to implement infrastructure improvements at Calderglen Country Park, East Kilbride (£0.043m), additional funding received from Cycling Scotland for cycle shelters at schools (£0.095m) and the Shared Prosperity Fund (£0.026m) for energy efficiency investment in business infrastructure.
- 4.5. A further proposed exception on the Glasgow City Region City Deal – Greenhills Road project is included in a separate report to this Committee for members' consideration. If this exception is approved, the Capital Programme will be updated as part of the next capital budget monitoring update to this Committee.
- 4.6. **Transfers to Revenue:** In addition to the adjustments noted at Sections 4.2 and 4.3, the revised programme of £71.696 million also reflects a transfer to revenue of £1 million for the Private Housing Scheme of Assistance project. The original capital budget for 2023/2024 included an allocation of £1.000 million for Private Housing Scheme of Assistance. Following a review of the spend, it has been identified that it cannot be classed as Capital. Therefore, it is proposed that budget of £1.000 million will be transferred to Housing and Technical Resource's Revenue budget.
- 4.7. Capital expenditure can be funded by Revenue monies, however, Revenue spend cannot be paid for from Capital funding. The Council's Capital programme includes funding that can be used for Revenue spend, such as contributions from the Revenue budget. We are, therefore, able to move funding between the Capital and Revenue Programmes and deliver the project as planned. This is an accounting transaction only.
- 4.8. Since the last report to this Committee, there has also been a change to the funding package, and this is detailed in sections 4.9 and 4.10.
- 4.9. **General Capital Grant:** In December 2023, the Scottish Government revised our 2023/2024 General Capital Grant allocation to £29.947 million. This is a decrease of £4.883 million and reflects the removal of the previously expected 2023/2024 Free School Meals allocation of £5.065 million. The Capital Programme had originally included a 2023/2024 allocation of £5.065 million for this project, based on information received from the Scottish Government. However, no Capital funds have been distributed to the Council this year for free school meals. It has, therefore, been removed from the Programme.
- 4.10. This grant reduction has been offset by an increase of £0.182 million in the overall general Capital Grant allocation. Given the late notification of this additional funding, this additional allocation of £0.182 million will be used to fund the existing Capital Programme and reduce the Council's level of borrowing in 2023/2024. The overall benefit of this additional funding will be considered as part of the 2024/2025 Capital Programme report.
- 4.11. The revised Programme, including the movement from the last report, is detailed in Appendix 2.

- 4.12. Programmed funding for the year also totals £71.696 million. The funding available to support the overall 2023/2024 Capital Programme is detailed in Appendix 3.
- 4.13. **2023/2024 Outturn:** Work has been ongoing to clarify the predicted spend position for the General Services Capital Programme for this financial year and this is detailed in sections 4.14 to 4.16.
- 4.14. Current estimates from Resources suggest an outturn of around £65.4 million. Against the revised budget of £71.696 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.
- 4.15. The majority of the variance is due to the timing of spend, resulting in budget required in 2024/2025 rather than 2023/2024. The progression of a number of projects has been impacted by protracted negotiations with external organisations (primarily the Place Based Investment Programme and Rural Development Centre projects). As a result, confirmation of final outturn figures is awaited. For some other projects (Prioritised Urgent Investment), the spend is demand led and final levels of spend will only be determined as we approach the end of the year and all commitments have been identified.
- 4.16. 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.
- 4.17. A list of the main projects which are responsible for the underspend of £6.3 million and which will now complete in 2024/2025 is included in Appendix 4.
- 4.18. **General Fund – Period 9 Position:** As noted in section 4.1, the total capital spending programme for the year is £71.696 million.
- 4.19. Appendix 3 shows budget for the period of £31.992 million and spend to the 1 December 2023 of £31.999 million. The spend is, therefore, slightly ahead of programme by £0.007 million and this mainly reflects the timing of project spend in relation to the adaptation works at Uddingston Grammar School (£0.442 million), where the funding requirement for this project had originally been anticipated for 2024/2025. This overspend has been partially offset by an underspend on the First Steps Community Nursery Extension, Hamilton project (£0.129 million) due to the timing of spend. It has also been partially offset by project spend on the Prioritised Urgent Investment Programme (£0.239 million) within Housing and Technical Resources, being less than anticipated at this time.
- 4.20. Actual funding received to 1 December 2023 is £53.928 million. This is also detailed in Appendix 3.
- 4.21. 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 1 December 2023. The revised capital programme for the year is £67.443 million, as approved by the Executive Committee on 22 November 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 9 Position:** Budget for the period is £33.315 million and spend to 1 December 2023 amounts to £33.973 million. This results in the Housing Programme being £0.658 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, £33.973 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 Programme Programmes and their spend position to 1 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. 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. Climate Change, Sustainability and Environmental Implications**
- 9.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.
- 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
Chief Executive

10 January 2024

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Executive Committee, 22 November 2023

List of Background Papers

- ◆ Capital Ledger prints to 1 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>Proposed Adjustments</u>	
<u>Community and Enterprise Resources</u>	
<p><u>Calderglen Country Park – One Way System & Improved Infrastructure</u> Approval is sought to increase the 2023/2024 Capital Programme by £0.043 million to upgrade and enhance the road infrastructure within Calderglen Country Park. This includes the introduction of a one-way traffic management system and improvements to the existing road infrastructure which will resolve ongoing flooding and parking issues.</p> <p>This will be funded by developers' contributions already received from the East Kilbride area.</p>	£0.043m
<p><u>SLC Industrial Infrastructure - Energy Efficiency</u> As reported to the Community and Enterprise Committee (29 August 2023), to facilitate energy efficiency investment in business infrastructure, an allocation of £0.909 million has been made available from the Council's Shared Prosperity Fund allocation. Feasibility work on Cathcart Place Industrial Development will commence during 2023/2024, with the main improvement works scheduled to start in 2024/2025.</p> <p>Approval is sought to increase the 2023/2024 Capital Programme by £0.026 million, with the remaining £0.883 million being added to the budget in 2024/2025 when required.</p>	£0.026m
<p><u>Vacant and Derelict Land – Langlands West Strategic Industrial Development Site, East Kilbride</u> The 2023/2024 Capital Programme includes £0.500 million for improvement works at Langlands West, which would commence following the completion of the City Deal funded project at Greenhills Road. Reinstatement works to the area used as a contractor's site are still ongoing. The remediation works cannot start until this has been concluded.</p> <p>Approval is sought to slip £0.500 million into financial year 2024/2025 to reflect the revised timescales.</p>	(£0.500m)
<p><u>Carluke High Mill Community Facility – Phase 1</u> This funding of £1.199 million (£0.714m in 2023/2024, £0.485m in 2024/2025) was secured from the Scottish Government's Regeneration Capital Grant Fund (RCGF) towards the community-led project to refurbish and repurpose Carluke High Mill into a multi-purpose community facility. The community group have also been awarded Heritage Lottery and Historic Environment Scotland funding for this project.</p> <p>Following a delay in the award of Regeneration Capital Grant funding, along with a slight delay in the main contract being agreed, the Community Group have now advised that the project timescales have been reviewed and anticipated spend in 2023/2024 is now expected to be £0.213 million, with the balance of £0.986 million required in financial year 2024/2025. Therefore, approval is sought to slip £0.501 million into financial year 2024/2025 to reflect the revised timescales.</p>	(£0.501m)

<p><u>Cycle Shelters at Schools</u></p> <p>Cycling Scotland has provided specific grant funding of up to £0.095 million in financial year 2023/2024 for the supply and installation of cycle and scooter parking facilities at the following establishments: St Mark's Primary School, Hamilton; Newton Farm Primary School, Woodpark Primary School, Muiredge Primary School, Hunter Primary School, Netherburn Primary School and Duncanrig Secondary School.</p> <p>Approval is sought to increase the 2023/2024 Capital Programme by £0.095 million.</p>	£0.095m
<p><u>Community Bus Fund</u></p> <p>The Scottish Government have provided specific grant funding of £0.303 million to improve connectivity, integration between modes, or innovative transport solutions in rural areas of deprivation. This funding will be combined with grant funding awarded by Strathclyde Partnership for Transport (SPT) to redevelop Lanark Interchange.</p> <p>The project is currently being tendered and will be awarded early in 2024, with works continuing into financial year 2024/2025. Community and Enterprise Resources have, therefore, confirmed that they are unable to spend both of the Community Bus Funds and SPT funding streams this financial year. The SPT funding will be maximised in 2023/2024 with the funding from the Community Bus Fund utilised in 2024/2025. Approval is sought to slip £0.303 million into financial year 2024/2025 to reflect the revised timescales.</p>	(£0.303m)
Minor Adjustments	-
TOTAL ADJUSTMENTS	(£1.140m)

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2023/2024
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2023 TO 1 DECEMBER 2023

£m

Total Base Budget (including carry forward from 2022/2023)	78.901
Proposed Adjustments – Period 9 (Sections 4.3 – 4.4 & Appendix 1)	(1.140)
Transfer to Revenue (Sections 4.6 - 4.8)	(1.000)
Free School Meals (Section 4.9)	(5.065)
Total Revised Budget	71.696

	<u>2023/24</u> <u>Budget</u>	<u>Period 9</u> <u>Proposed</u> <u>Adjustments</u>	<u>Revised</u> <u>2023/24</u> <u>Budget</u>
<u>Resource</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Community & Enterprise	39.717	(1.140)	38.577
Education	19.333	(5.065)	14.268
Finance & Corporate	5.333	-	5.333
Housing & Technical	12.488	(1.000)	11.488
Social Work	2.030	-	2.030
Other Match Funding	-	-	-
TOTAL CAPITAL PROGRAMME	78.901	(7.205)	71.696

Appendix 3

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2023/2024
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2023 TO 1 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>01/12/23</u>	<u>2023/24</u> <u>Actual to</u> <u>01/12/23</u>
Expenditure	£m	£m	£m	£m
General Fund Programme	77.849	71.696	31.992	31.999
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>01/12/23</u>
	£m	£m		£m
Prudential Borrowing	24.959	25.776		25.776
Developers Contributions	7.658	0.949		0.000
Partners (Including SPT, Clyde Windfarm and Transport Scotland)	2.157	3.764		0.634
Scottish Government:				
- Capital Grant	33.985	29.947		20.126
- 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	1.510	2.723		2.723
Programme				
-Inspiring School Age Childcare	0.000	0.234		0.000
Spaces Programme				
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	71.696		53.928

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2023/2024
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2023 TO 1 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	May 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 2023/2024
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2023 TO 1 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>01/12/23</u> £m	<u>2023/24</u> <u>Actual to</u> <u>01/12/23</u> £m
Expenditure				
2023/2024 Budget	63.916	67.443	33.315	33.973

	<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>01/12/23</u> £m
Income			
Capital Receipts	0.000	1.683	1.901
Capital Receipts – Land Sales	0.000	0.000	0.018
Capital Funded from Current Revenue	27.162	27.162	24.385
Prudential Borrowing	17.302	23.166	0.000
Scottish Government Specific Grant:			
- New Build	16.632	10.048	7.538
- 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>33.973</u>

Report

5

Report to: **Executive Committee**
Date of Meeting: **24 January 2024**
Report by: **Chief Executive**

Subject: **Additional Funding from Scottish Government and Other External Sources**

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise Members of additional funding that has been made available to the Council by the Scottish Government and other external sources since the last report to this Committee (22 November 2023)

2. Recommendation(s)

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

- (1) that the additional funding totalling £24.003 million, detailed in Appendix 1 and 2, be noted.

3. Background

- 3.1. The Council is periodically advised of additional funding which is made available from the Scottish Government and other sources to enable various initiatives to be undertaken.
- 3.2. Additional funding may either be paid through the General Revenue / Capital Grant mechanism or by the completion of appropriate grant claims.
- 3.3. Details of the additional funding are attached in Appendix 1 and 2 of the report. The report details additional funding that has been reported by Resources as part of the additional resources notification process, as well as any additional funding that has increased the Council's budget by more than £0.100 million.

4. Employee Implications

4.1. None.

5. Financial Implications

- 5.1. Additional Revenue funding of £23.726 million has been identified for 2023/2024. Of this, £22.592 million is a result of the redeterminations noted in the recent Local Government Settlement. This is detailed in Appendix 1.
- 5.2. Additional Capital funding of £0.277 million has been identified for 2023/2024. Of this, £0.182 million is, again, the result of the redeterminations noted in the recent Local Government Settlement. This is detailed in Appendix 2.

- 5.3. The total additional funding is, therefore, £24.003 million and Resource budgets will be updated to reflect this additional funding as required. Where appropriate, details of spending plans will be presented to Resource Committees for approval.
- 6. Climate Change, Sustainability and Environmental Implications**
- 6.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.
- 7. Other Implications**
- 7.1. There are no other implications in terms of the information contained in this report.
- 8. Equality Impact Assessment and Consultation Arrangements**
- 8.1. 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.
- 8.2. There was also no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning
Chief Executive

5 January 2024

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Executive Committee, 22 November 2024

List of Background Papers

- ◆ Additional Funding Reports 23 October 2023 to 5 January 2024

Contact for Further Information

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

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Additional Revenue Funding

Resource	Description	2023/2024 £m	2024/2025 £m	Total £m	Method
Education	Scottish Milk and Healthy Snack Scheme To provide as many eligible children as possible who are attending regulated pre-school day care settings for 2 hours or more to receive milk (or an approved alternative) and a healthy snack, and to be acquiring healthy eating habits for the future.	1.134	-	1.134	Scottish Government
Various	Local Government Redeterminations: <ul style="list-style-type: none"> Local Government Pay Award (ALL) 9.142 Teachers Pay Award (EDR) 10.080 Ukraine Refugee Resettlement (HTR) 0.112 <i>(In addition to the £1.373m previously notified to Executive Committee, October 2023)</i> Fostering and Kinship Care (SWR) 0.952 Teacher Induction Scheme (EDR) <u>2.306</u> 22.592		-	22.592	Scottish Government – General Revenue Grant
	TOTAL REVENUE FUNDING	23.726	-	23.726	

Additional Capital Funding

Resource	Description	2023/2024 £m	2024/2025 £m	Total £m	Method
Community and Enterprise	Cycling Scotland - Cycle and Scooter Parking at Schools For provision and installation of cycle shelters at 4 schools, and the upgrading of existing panels at a further 3 schools.	0.095	-	0.095	Cycling Scotland
General	Local Government Redeterminations: <ul style="list-style-type: none"> General Capital Grant 	0.182	-	0.182	Scottish Government
	TOTAL CAPITAL FUNDING	0.277	-	0.277	

Report

6

Report to: **Executive Committee**
Date of Meeting: **24 January 2024**
Report by: **Chief Executive**

Subject: **Recommendations Referred by Finance and Corporate Resources Committee – Non-Domestic Rates – Empty Property Relief Policy**

1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ request approval of the undernoted recommendation referred to this Committee by the Finance and Corporate Resources Committee of 6 December 2023.

2. Recommendation(s)

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

- (1) that the revised Empty Property Relief (EPR) Policy be approved and adopted by the Council from 1 April 2024.

3. Background

3.1 **Recommendation Referred by Finance and Corporate Resources Committee of 6 December 2023 – Non-Domestic Rates - Empty Property Relief Policy– Extract of Minute**

A report dated 17 November 2023 by the Executive Director (Finance and Corporate Resources) was submitted on the proposed changes to the Council's Non-Domestic Rates Empty Property Relief (EPR) policy.

Non-domestic rates are a tax on non-domestic properties to help fund essential council services. EPR provided certain rates relief on unoccupied non-domestic properties and, prior to 2023, the scheme was operated at a national level, which was mandatory and fully funded by the Scottish Government through the Local Government Financial Settlement.

EPR was devolved from the Scottish Government to local authorities from 1 April 2023, following the repeal of Section 24 of the Local Government (Scotland) Act 1966. This included the transfer of £105 million annually across all councils, fixed until the next revaluation in 2026. The Council's annual allocation from 2023/2024 onwards was £2.183 million. Each council now had autonomy to design their own scheme to best meet their needs.

On 1 March 2023, the Executive Committee had approved the Council's policy on EPR for implementation from 1 April 2023. The policy mirrored the previous legislation due to the short time frame given to consider potential changes and uncertainty of the impacts of the 2023 non-domestic rates revaluation. A

commitment was given to review the policy and report back to the Finance and Corporate Resources Committee during 2023/2024 with any proposed changes to the policy.

The current criteria for awarding EPR was detailed in the report. Recent analysis highlighted that there were currently 478 empty properties in South Lanarkshire, with the Council being the ratepayer for 98 of those properties. Of the current empty properties, 347 (73%) had been empty for more than 12 months, with 61 belonging to the Council.

EPR of £1.721 million had been awarded in 2022/2023. The current projection for 2023/2024 was £2.820 million, which represented a significant overspend on the budget of £2.183 million due to East Kilbride Shopping Centre entering administration in November 2022. Any overspend would require to be funded by the Council, although discussions had commenced with COSLA and the Scottish Government regarding any scope for additional funding to mitigate the financial impact of this.

It was proposed that the Council revise the EPR policy to promote the occupation of empty properties and deliver the economic and social benefits in South Lanarkshire as well as to reduce the cost to the Council during a period of significant financial pressure.

Re-occupation of properties would stimulate economic growth and provide improved employment opportunities, increased spend in local business and a decreased risk of vandalism and anti-social behaviour. The proposed policy also looked to address issues of equity within the existing system by continuing to provide relief to empty property ratepayers but incentivising re-occupation by ending open ended exemptions and reliefs for most empty properties, with a 12 month time limit placed on any such award instead.

The proposed policy also removed the favourable empty relief terms offered to industrial categorised properties. They would now receive the same EPR as commercial properties, restricted for 12 months. It also proposed that the 100% indefinite relief currently provided to listed buildings be replaced with 50% relief in the first 3 months, followed by 10% relief for 9 months. This would align with the proposed relief for commercial industrial properties and incentivise owners of listed buildings to bring them back into use.

The duty on business owners to apply for relief timeously and ensure they received accurate bills was also reflected in the new policy. It was proposed that backdating EPR be restricted to the current financial year as opposed to the current policy, where backdating could be awarded up to the preceding 6 financial years.

Implementation of the new policy would commence from 1 April 2024 for all empty properties. For existing ratepayers affected by the policy change, entitlement would be dependent on how long the property had been empty.

It was proposed that a full review of the new policy be undertaken in 2027/2028 but would be carried out sooner if required.

A comparison of the proposed EPR policy with the existing policy, including the justification for the proposed changes, was detailed in Appendix 1 to the report, with the full policy attached at Appendix 3.

**The Committee
recommended to the
Executive Committee:**

that the revised EPR Policy, to be adopted by the Council from 1 April 2024, as outlined at section 5 of the report and detailed in Appendix 3 to the report, be approved.

- 3.2 A link to the [report](#) submitted to the Finance and Corporate Resources Committee of 6 December 2023 is provided here for information.

4. Employee Implications

- 4.1. All employee implications were highlighted as part of the original report to the Resource Committee.

5. Financial Implications

- 5.1. All financial implications were highlighted as part of the original report to the Resource Committee.

6. Climate Change, Sustainability and Environmental Implications

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

7. Other Implications

- 7.1. Any risks or other implications were highlighted as part of the original report to the Resource Committee.

8. Equality Impact Assessment and Consultation Arrangements

- 8.1. Equality impact assessment and consultation arrangements were highlighted as part of the original report to the Resource Committee.

**Paul Manning
Chief Executive**

3 January 2024

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ Finance and Corporate Resources Committee of 6 December 2023 (Paragraph 10)

Contact for Further Information

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

Pauline MacRae, Administration Adviser
Ext: 4108 (Tel: 01698 454108)
E-mail: Pauline.macrae@southlanarkshire.gov.uk

Report

7

Report to: **Executive Committee**
 Date of Meeting: **24 January 2024**
 Report by: **Executive Director (Housing and Technical Resources)**

Subject: **Land and Property Transfers and Disposals**

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise the Executive Committee of the actions required in respect of land and property transactions.

2. Recommendation(s)

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

- (1) that land and property identified in Appendix A be reallocated as detailed.
- (2) that the land detailed in Appendix B, which will be the subject of negotiated transactions, be declared surplus to Council requirements.

3. Background

- 3.1. Details of land and property, which is potentially suitable for redevelopment or disposal, are circulated to all Resources and Community Planning Partners to establish if they are suitable for alternative operational use.
- 3.2. Recommendations are made following the consideration of planning, title and other legal constraints. Any assets with competing interests are judged against Council priorities, including the need for capital receipts, prior to a recommendation being made.
- 3.3. Transactions out with the Property Bulletin process, where there is a requirement to reallocate or declare property surplus as part of minor/adjoining sales, or to facilitate a Council project, are not circulated through the Property Bulletin, however, the details are included in this report.
- 3.4. Transactions are only included in the report after successful consultation with the holding Resource(s) and Planning.

4. Property Transactions

- 4.1. Appendix A details three sites for which Housing Services have undertaken an initial development assessment. In relation to the former Early Learning Unit, Carlisle Road, Hamilton, and the surplus land at Priory Avenue, Lesmahagow, they have requested that these sites be transferred from the Education Account and the Corporate Land Bank respectively to the Housing Revenue Account (HRA) for inclusion in the New Council Housing Programme.

4.2 The Nisbet Centre, Raploch Street, Larkhall is closed and now surplus to the requirement of Social Work Resources. It is adjacent to the site of the former McWhirter residential home which has already been transferred to the Housing Revenue account and is the subject of a proposed development of Council Housing. Housing have carried out an initial assessment and have confirmed that this site would allow additional units and regularisation of the development site and it is suitable for transfer. The site is also detailed in Appendix A

5. Non Bulletin Disposals

5.1. Appendix B details negotiated transactions where the land requires to be declared surplus in order that Property Services can conclude negotiations for its disposal.

6. Employee Implications

6.1. There are no employee implications.

7. Financial Implications

7.1. Capital receipts for both General Services and Housing Revenue Accounts will be secured through the disposals identified in this report.

8 Climate Change, Sustainability and Environmental Implications

8.1 There are no climate change, sustainability or environmental implications as a result of this report.

9. Other Implications

9.1. There is a low risk that the capital receipts anticipated, as a result of declaring these properties surplus, may not be realised if, for reasons out with the Council's control, the purchasers choose not to proceed with the transactions. However, the procedures and consultations described in Sections 3 and 10 of this report have been implemented to minimise this risk.

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 an existing policy, function, or strategy and, therefore, no impact assessment is required.

10.2. Consultation was undertaken with all Resources through the Property Bulletin. In addition, Planning, Roads, Legal, and Housing Services were consulted through the Area Property Groups.

Stephen Gibson

Executive Director (Housing and Technical Resources)

15 December 2023

Link(s) to Council Values/Priorities/Outcomes

◆ Achieve efficient and effective use of resources.

List of Background Papers

◆ Plans of the land and property referred to in this report.

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:- Gerry McParland, Property Services Manager (Assets and Estates)

Ext: 5177 (Tel: 01698 455177) E-mail: gerry.mcparland@southlanarkshire.gov.uk

BULLETIN TRANSFERS

APPENDIX A

Area	Description	Previous Account	New Holding Account	Transfer	Value Band
4,797 sq m	Former Early Learning Unit, Carlisle Road, Hamilton	Education	Housing Revenue	Immediate	2
7,300 sq m	Priory Avenue Lesmahagow	Education	Housing Revenue	Immediate	3
1,065 sq m	Former Nisbet Centre, Raploch Street, Larkhall	Social Work	Housing Revenue	Immediate	4

APPENDIX B

NON BULLETIN DISPOSALS

Area	Description	Holding Account	Proposal	Value Band
280 sq m	Annabella Road, Netherburn	Housing	Access for residential development	4
70 sq m	15 Broomhill Gate, Larkhall	Community & Enterprise	Garden Ground	4
250 sq m	26 Westbarns Road, Strathaven	Education	Garden Ground/House Plot	4
188 sq m	1 Blacklands Road, East Kilbride	Community & Enterprise	Garden Ground	4

Value Bands

- 1 – over £1 million
- 2 – £500,000 to £999,999
- 3 – £100,000 to £499,999
- 4 – less than £100,000

Report

8

Report to:	Executive Committee
Date of Meeting:	24 January 2024
Report by:	Chief Executive

Subject:	Update on the Budget Strategy for 2024/2025
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1. Purpose of Report

1.1. The purpose of the report is to:

- ♦ provide members with an update on the Budget position for 2024/2025, including the impact of the Local Government Settlement

2. Recommendation(s)

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

- (1) that the update to the Budget Strategy, including the update on the Settlement for the Council, resulting in a revised Budget Gap of £20.570 million (section 5.11), be noted;
- (2) that the position in relation to Council Tax (section 6), be noted;
- (3) that the update in relation to Capital Grant allocations for 2024/2025 (section 7), be noted;
- (4) that the summary of the Council's 2023/2024 Probable Outturn (section 8), be noted; and
- (5) that the Timetable detailed in section 10, be noted.

3. Background

3.1. A report titled [2024/2025 Revenue Budget Update and Savings Proposals](#) was presented to the Executive Committee on 22 November 2023. That report gave an update on the previous report to Council (June 2023) and detailed a revised Budget Gap of £20.7 million. This was the same position noted in the presentation to members on the 2024/2025 Budget (9 November 2023).

3.2. On Thursday 21 December 2023, the Council received its grant settlement for Revenue and Capital (the Local Government Settlement). This will impact on the Budget Strategy for 2024/2025.

3.3. This report will, therefore, provide an updated position to Council, and will focus on the following:

- ♦ Recap of the 2024/2025 Revenue Budget Update Paper, 22 November 2023 (section 4)
- ♦ Local Government Settlement – Impact on Revenue Budget Strategy (section 5),
- ♦ Council Tax (section 6)
- ♦ Local Government Settlement – General Capital Grant Position (section 7)
- ♦ 2023/2024 Probable Outturn (section 8)
- ♦ Summary (section 9)

◆ Timetable and Next Steps (section 10)

4. 2024/2025 Revenue Budget Update Paper (22 November 2023)

- 4.1. The report and the presentation to members in November noted a revised Budget Gap of £20.7 million. This included the use of reduced Pension Contributions and an estimate of underspends likely to arise from the 2023/2024 Probable Outturn.
- 4.2. The report also illustrated that over the next 4 years, the savings that the Council requires are estimated at approximately £96 million. By using these solutions including the Pension Contributions and the 2023/2024 Underspends, the level of savings does not reduce, but using the temporary funding over the 4-year period does allow consideration of the timing of those savings. This was shown in Appendix 1 of the November Update paper and is re-presented in Appendix 1 of this report.
- 4.3. The November 2023 paper also included savings proposals for members' consideration. The savings identified currently total £18.589 million. This total includes Management and Operational Savings of £3.300 million along with Resource savings proposals of £15.289 million.

5. Local Government Settlement – Impact on Revenue Budget Strategy

- 5.1. The Council received the Local Government Settlement on 21 December 2023. This formally details our grant allocations for 2024/2025. While the Settlement is still under review and further updates may be received which change the Council's position, it is the best information available at this point.
- 5.2. As a result of changes in funding formula, in part because of increases in the South Lanarkshire population relative to that of other council areas, the Council should have seen the benefit of increased funding from distribution formula across a number of budget lines. This would have been in line with the way grant is distributed to councils and would have assisted with increased costs from demand for services arising from an increase in population. This aspect would have seen the Council's grant increase.
- 5.3. However, a general national cut to Local Government funding is noted as £62.7 million (indicated in the CoSLA Budget Reality statement issued to members on 22 December 2023). The Council's share of the national cut (£3.6 million) means that nearly all of the benefit from changes in funding formula is wiped out.
- 5.4. On a like for like basis, the movement in grant into 2024/2025 is a reduction of £0.250 million.
- 5.5. As part of the Council's 2024/2025 Budget Strategy, a grant reduction of £0.880 million had been assumed. Members will recall that this related to the impact of an increase in income from Council Tax (Executive Committee, June 2023). Therefore, an actual, like for like cut of £0.250 million represents a movement in the Budget Gap of £0.630 million. There is still a period of time where changes to the Settlement are possible, and, therefore, the figure could change.

Impact on the 2024/2025 Budget Gap: (£0.630 million)

- 5.6. **Rates Poundage:** The Settlement also advised of a larger than budgeted movement in rates poundage. The 2024/2025 Budget Strategy included a rates budget increase of £0.460 million. This reflected an estimated increase of around 1.6% on the 2023/2024 rates bill. This was the equivalent increase experienced into 2022/2023 (there was no poundage increase into 2023/2024 due to the rates revaluation).

- 5.7. The 2024/2025 Settlement shows no change in the Basic Rates Poundage (properties below £50,001), however, for properties over that value, the poundage has increased by 6.6%. This is over 4 times the level of the last increase experienced. This equates to additional costs of £1.4 million for the Council, £1 million more than the Budget Strategy increase we had assumed.

Impact on the 2024/2025 Budget Gap: £1.000 million

- 5.8. **Impact on Budget Gap:** The Budget gap reported to members in November 2023 was £20.7 million. Taking into account the movements covered in sections 5.1 to 5.6, the Budget Gap would now be £21.070 million. This is summarised in Table 1.

Table 1 – Updated 2024/2025 Budget Strategy

	Post-Settlement £m	November 2023 £m
Budget Gap (as at 22 November 2023) <i>(section 4.1)</i>	20.700	20.700
<i>Less:</i>		
- Impact of Grant Cut <i>(section 5.1-5.5)</i>	(0.630)	-
<i>Add:</i>		
- Increase in Costs from Rates Poundage <i>(section 5.6/5.7)</i>	1.000	-
Revised Budget Gap / Savings Requirement	21.070	20.700

5.9. Other Budget Issues

- 5.9.1. **Teachers' Pension:** The Council's contribution to Teacher's Pensions is to increase as of 1 April 2024. A recent letter from the Deputy First Minister to CoSLA advised that the "UK Government have publicly stated that the funding will be allocated to individual UK Government departments in spring 2024. Scottish Ministers will make decisions on funding allocations once the UK Government funding position is clearer and the implications for consequentials are understood". It is noted that the Settlement does not yet include any allocation for the cost of this increase. It is anticipated that this would cost the Council approximately £5.6 million. If this funding is not provided by the Scottish Government for 2024/2025, then the Council will need to take in-year action to cover these costs.
- 5.9.2. **Teacher Numbers:** In 2023/2024, the Settlement included a holdback for Retained Teacher Support. This was on the basis that teacher numbers would be maintained. The Settlement for 2024/2025 does not include any similar holdback, however, a recent letter from Jenny Gilruth MSP to CoSLA states that the Scottish Government will provide further detail related to the maintenance of teacher numbers in the new year and the conditions around the £145.5 million allocated for this purpose once Scottish Government have finalised the process that is currently underway related to this year's figures. Members will be updated on this once further information is received.
- 5.9.3. **Lanarkshire Valuation Joint Board Requisition:** As part of the Budget Strategy for the Lanarkshire Valuation Joint Board, it was agreed that the Requisition Payments by each of South and North Lanarkshire Council's be reduced by £0.200 million each in 2024/2025. This is predominantly to reflect the reduction in Pension Contributions required by the Board in 2024/2025 (and 2025/2026) and will be in place until 2026/2027 where the majority of this will be considered for restatement. The Council's Budget Gap will, therefore, benefit by this reduction in costs in the next 2 financial years.

Impact on the 2024/2025 Budget Gap: (£0.200 million)

(reinstatement into 2026/2027)

- 5.9.4. **Non-Domestic Rates – Empty Property Relief:** A recent report to the Finance and Corporate Resources Committee (6 December 2023) highlighted the financial benefit of a change to the Council's policy on Empty Property Relief. Taking this benefit alongside the estimated cost of Empty Property Relief for 2024/2025 results in a potential overspend of £0.400 million. As part of the 2024/2025 Budget Update (November 2023), an amount of £0.700 million was set aside to manage this anticipated overspend on a one-off basis. As a result, there is a one-off benefit of £0.300 million towards the Council's Budget Gap in 2024/2025.

Impact on the 2024/2025 Budget Gap: (£0.300 million (one-off))

- 5.10. **Service Concessions:** As previously advised (Executive, November 2023), the Council has already benefited from revised Guidance on Service Concessions (approved by Council in January 2023). This allowed a contribution towards Budget Gaps through extending the term we repaid debt to match the life of the asset in relation to our PPP arrangements. Guidance in relation to Accounting for Leases is being adopted by Councils in 2024/2025, and the Council's external advisor is reviewing any additional options around this and the Accounting for Service Concessions. Work on this has not yet concluded. Any further opportunities around this will be reported back to members when available.
- 5.11. Table 2 takes into account the Other Budget issues noted in section 5.9 which total £0.500 million. The result is a Budget Gap of £20.570 million.

Table 2 – Updated 2024/2025 Budget Strategy including Other Issues

	Post- Settlement £m	November 2023 £m
Revised Budget Gap / Savings Requirement – Table 1	21.070	20.700
Impact of Reduction in Requisition for Lanarkshire Valuation Joint Board (section 5.9.3)	(0.200)	-
Impact of Non-Domestic Rates / Empty Property Relief Changes (section 5.9.4)	(0.300)	-
Revised Budget Gap / Savings Requirement inc Other Issues	20.570	20.700
Value of Savings Proposals (<i>Appendix 2, 22 November 2023</i>)	18.569	18.569
Residual Shortfall in Budget Gap	2.001	2.131

- 5.12. Table 2 also shows the residual Shortfall in the Budget Gap of £2.001 million after the Settlement, compared to the position in November 2023. That would rely on the full savings package of £18.569 million being approved by members.

6. Council Tax

- 6.1. At this point, the Budget Strategy does not include any assumptions for Council Tax. The First Minister announced a Council Tax Freeze in October 2023, and also noted that the Scottish Government would fund the freeze for any councils which did not increase their Council Tax into 2024/2025. A national allocation of £144 million has been advised, however, there was no information on the distribution of this within the Settlement. The Council's indicative share of this national allocation of £144 million is £7.7 million. Any allocation of these monies to the Council would be conditional on the Council approving a Council Tax Freeze.

- 6.2. Following its publication of the Budget Reality document, Leaders have written to the Deputy First Minister to “request that the Scottish Government urgently reconsiders the Local Government quantum and now engages in meaningful negotiations to improve our funding position”. Specifically in relation to the Council Tax Freeze, CoSLA have written to the Deputy First Minister and stated that their “initial analysis of the draft settlement shows that the Council Tax Freeze is not fully funded. Given the shortfall in core revenue funding, the £144 million revenue offered for a freeze is immediately worth less. Leaders wish to reaffirm the position that the decision on Council Tax can only be made by each full Council and it is, therefore, for each individual Council to determine their own level of Council Tax”.

7. Local Government Settlement – General Capital Grant Position

- 7.1. As well as advising of the General Revenue Grant position, the Settlement also provided information on the Council’s General Capital Grant for 2024/2025.

- 7.2. **General Capital Grant (GCG):** The Council’s allocation of GCG for 2024/2025 is £19.276 million. This is less than the allocation for 2023/2024 (£21.207 million) so means a cut of £1.931 million (9.1%). To provide some context, in 2019/20 we received £27m of general capital grant, therefore, the 2024/25 General Capital Grant is almost 30% less than it was in 2019/20. As well as receiving General and Specific Grants direct from the Scottish Government, the Council also benefits from Government monies received by other bodies, including SPT and Clyde Gateway. However, the Settlement announced in December also included reduction in the allocations received by these bodies bringing their general capital support from the Scottish Government to zero. These organisations are challenging the budget cuts with the Scottish Government, with discussions ongoing. Projects are included in the Council’s Capital programme which anticipated funding, which is now unlikely to be received. Consideration may require to be given to how we can complete projects that have been agreed, and for which some of these monies had been expected in 2024/2025.

- 7.3. A proposed Capital Programme for 2024/2025 will be presented to members in February 2024 for approval.

- 7.4. **Specific Capital Grants:** The Council’s allocation of the Specific Grants is £1.865 million. The allocation of £0.425 million in Vacant and Derelict Land is a reduction of £0.262 million compared to 2023/2024, and for Cycling, Walking and Safer Routes, the £1.440 million is a reduction of £0.621 million on the 2023/2024 allocation of £2.061 million.

- 7.5. **Housing Capital Grants:** The recently published Scottish Government draft budget for 2024/2025 showed a 22% reduction in the previously published funding available for the Affordable Housing Supply Programme. At this time, it is still unclear how the Scottish Government will reduce individual Council’s funding. Further discussions are planned with the More Homes team at the Scottish Government for further clarity on the situation. Any reduction in Scottish Government grant available for the Council may impact the planned investment to increase the overall supply of Council housing over the coming years.

8. 2023/2024 Probable Outturn/Council Tax

- 8.1. The probable Outturn for the current financial year is included in a separate report to this meeting. This reports an underspend of £9.000 million (after Transfers to Reserves) and mainly relates to one-off income received as a result of a historic VAT claim (notified in mid-December 2023), but also due to higher than anticipated levels of Council Tax income. The paper proposes that £3.000 million be transferred to

Reserves and be used to fund Budget pressures into 2024/2025. It also proposes that the remaining £6.000 million be transferred to Reserves. These monies could be used in the Council's Budget Strategy, bearing in mind the previously identified savings requirement of £95.8 million across the 4 years from 2024/2025.

9. Summary

- 9.1. Section 5 of this report updates the Budget Strategy presented in November 2023, taking account of the impact of the Local Government Settlement including the change to the Rates Poundage (section 5.6). Table 1 takes the original Budget Gap of £20.700 million to a revised Budget Gap of £21.070 million.
- 9.2. The impact of Other Budget Issues noted in section 5.9 mean a benefit to the Budget Gap of £0.500 million, revising the Budget Gap to £20.570 million (Table 2).
- 9.3. Table 2 also shows the position after the Settlement and after the savings proposals are taken into account: a residual shortfall in the Budget Gap of £2.001 million.
- 9.4. Section 6 notes that a national allocation of £144 million has been advised for the Council Tax Freeze, however, there was no information on the distribution of this within the Settlement. The Council's indicative share of this national allocation of £144 million is £7.7 million. Any allocation of these monies to the Council would be conditional on the Council approving a Council Tax Freeze.
- 9.5. In relation to the Council Tax Freeze, CoSLA have written to the Deputy First Minister and stated that their "initial analysis of the draft settlement shows that the Council Tax Freeze is not fully funded. Given the shortfall in core revenue funding, the £144 million revenue offered for a freeze is immediately worth less. Leaders wish to reaffirm the position that the decision on Council Tax can only be made by each full Council and it is, therefore, for each individual Council to determine their own level of Council Tax".
- 9.6. As noted in section 7, the Council's allocation of General Capital Grant for 2024/2025 is a cut of £1.931 million (9.1%) on the 2023/2024 allocation. Similarly, section 7.4 notes year-on-year reductions in grants for Vacant and Derelict Land and Cycling, Walking and Safer Streets. The Council also benefits from Government monies received by other bodies such as SPT and Clyde Gateway, however, the Settlement announced in December also included reductions in the allocations from the Scottish Government to these bodies. The 2024/2025 Capital Programme paper will be presented to members in February 2024.
- 9.7. As noted in section 8, the 2023/2024 Probable Outturn exercise has concluded and is reported to this meeting of the Executive Committee.

10. Timeline to Approval

- 10.1. There is a legal deadline for setting the Council budget (11 March 2023), however, there are critical dates before then, including dates for issuing Council Tax and Rent bills.
- 10.2. The following timeline is a proposal for approving budgets (for General Services, Housing, and the Capital Programme).

Housing Revenue and Capital Budget 2024/2025	Housing and Technical Resources Committee <i>7 February 2024</i> <i>and</i> Executive Committee / Special Council
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	<i>21 February 2024</i>
Council Budget and Council Tax Setting 2024/2025	Special Council <i>21 February 2024</i>
2024/2025 Capital Programme	Special Council <i>21 February 2024</i>

11. Employee Implications

- 11.1. There are no workforce implications associated with this report.

12. Financial Implications

- 12.1. The financial implications are summarised within the report.

13. Climate Change, Sustainability and Environmental Implications

- 13.1. Each of the savings proposals will be assessed with regard to any potential negative impact on the environment. These will be made available to members so that they can be considered as part of the decision-making process.
- 13.2. Climate Change targets will have an impact on the Council's future financial strategies. This will be included in future Budget Strategy papers as appropriate.

14. Other Implications

- 14.1. The financial strategy is a way of managing a number of key risks which directly impact on the funding available to deliver Council outcomes. As detailed in the report, the Strategy is based on a number of assumptions some of which, including finalised Government Grant allocations, will crystallise over the coming weeks.

15. Equality Impact Assessment and Consultation Arrangements

- 15.1. Equality Impact Assessments will be done for those savings proposals that require them. These will be made available to members before any decisions are taken, so that they can be considered as part of the decision-making process. In addition, an assessment will be carried out in line with the Fairer Scotland Duty. For details of the work undertaken, please contact the Head of Personnel.
- 15.2. In terms of consultation, the Trade Unions have been consulted on the Budget Strategy and Savings Proposals. With regard to consultation with the public, all members of the public have been invited to comment on Budget (phase 1) and now the savings themselves (phase 2) through a dedicated e-mail address and the online survey. This was advertised through the use of Social Media (Twitter and Facebook).
- 15.3. The outcome of Phase 1 has been emailed to members previously. The second phase of the Budget Consultation is scheduled to conclude midnight on Friday, 19 January 2024. The feedback from Phase 2 will be advised to all Elected Members in a separately issued briefing paper, in advance of the special committee on 21 February 2024.

Paul Manning
Chief Executive

9 January 2024

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Executive Committee, 22 November 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:

Jackie Taylor, Head of Finance (Strategy), Finance and Corporate Resources

Ext: 4637 (Tel: 01698 454637)

Extract from Appendix 1 of report to Executive Committee, 22 November 2023

Use of Pension Contribution Benefit

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Remaining Budget Gap before use of Pension Fund Benefit	26.7	41.4	16.7	11.0	95.8*
Use Pension Fund Benefit – Temporary	(4.0)	(23.5)	(17.7)		(45.2)
Requirement to Re-instate Temporary Use of Pension Fund Benefit		4.0	23.5	17.7	45.2
Remaining Budget Gap after use of Pension Benefit	22.7	21.9	22.5	28.7	95.8*

Use of Probable Outturn Monies

Use of Probable Outturn Monies	(2.0)			2.0	0.0
Remaining Budget Gap after Use of Pension Benefit and Probable Outturn Monies	20.7	21.9	22.5	30.7	95.8*

**Note that the remaining Budget Gap of £95.8 million over the 4 years is the same before and after the use of the pension fund benefit and probable outturn monies.*

Report

9

Report to:	Executive Committee
Date of Meeting:	24 January 2024
Report by:	Executive Director - Community and Enterprise Resources

Subject:	Commercial Opportunities
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1. Purpose of Report

1.1. The purpose of the report is to: -

- ♦ provide an update on the work being undertaken to explore commercial opportunities for the Council

2. Recommendation(s)

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

- (1) to note the work being undertaken to explore commercial opportunities.

3. Background

3.1. The medium-term position regarding the Council's budget means that the Council needs to consider commercial opportunities to generate income. This report sets out the various opportunities which have/are being explored by the Head of Enterprise and Sustainable Development.

3.2. It is worth highlighting that there are regulations that restrict council activity on investing in commercial opportunities purely for financial gain. This can be managed if investments can be linked to economic / regeneration outcomes.

4. Town Centre Regeneration

4.1. Civic Centre, East Kilbride

4.1.1. Working with colleagues in Property, Finance and Legal Services, Enterprise and Sustainable Development have been preparing proposals for a 130,000sqft Grade A office accommodation for an occupier on the Civic Centre site in East Kilbride. Heads of Terms had also been agreed with an investor who would deliver the project once 'preferred developer status' had been confirmed. The Heads of Terms would have secured a capital receipt for the site, taking account of the demolition costs of the building.

4.1.2. Unfortunately, the occupier is no longer seeking a new build development but instead has identified existing premises within East Kilbride to which to relocate. Whilst this opportunity would have realised a modest capital receipt for the Council, it would have also removed a liability and acted as the catalyst for the redevelopment of the wider town centre.

- 4.1.3. Given the extent of the design work undertaken to develop the proposal, it is intended to take the opportunity to the market early in 2024 to seek an alternative occupier.
- 4.2. East Kilbride Shopping Centre
- 4.2.1. On 13 September 2023, Committee approved the East Kilbride Town Centre masterplan as the basis for the future strategic approach to investment. Since that time, Enterprise and Sustainable Development together with colleagues in Property, Housing and Finance have been undertaking an options appraisal for the redevelopment of the existing Centre West site as a new residential neighbourhood, which the Council owns the ground lease. A potential investor has been identified, however, other delivery methods have also been identified and are being explored.
- 4.2.2. Discussions are also continuing with the administrators of the shopping centre regarding the relocation strategy of the remaining retail units with Centre West and when vacant possession may be achieved.
- 4.2.3. A more detailed report will be brought to Committee in due course once a preferred delivery method has been identified, together with proposed timeline and associated risks for the Council.
- 4.3. Hamilton Town Centre
- 4.3.1. Work is concluding on the preparation of a masterplan for Hamilton Town Centre which will include proposals for the New Cross Centre, which the Council owns, and the Regent Centre, which the Council has the ground lease. Members will be briefed on the masterplan in the coming weeks and a formal report will be presented to the Executive Committee in February, however, there will be opportunities for the Council to dispose of assets and/or work in partnership with the private sector to realise new residential developments.
- 4.4. Inward Investment
- 4.4.1. Scotland's Inward Investment Plan: Shaping Scotland's Economy sets out the national approach to targeting and attracting inward investment. Scottish Development International (SDI) is Scotland's trade and inward investment agency. SDI engage with major businesses and investors from around the world to encourage them to do business in or with Scotland. Over the last 12 months, the Council has sought to strengthen its relationship with key SDI representatives and tap into the inward investment opportunities it can provide. However, it is apparent that more could be done to strengthen the Council's approach to inward investment.
- 4.4.2. A report on Inward Investment will be presented to the Community and Enterprise Resources Committee in February, however, the Executive Committee should be aware of the following opportunities:-
- ◆ review of Council owned land and sites for disposal
 - ◆ review of Council's industrial portfolio and opportunities to create new revenue streams e.g. Cathcart Place in Rutherglen where a Regeneration Capital Grant Fund application has been made to support the delivery of new industrial space
- 4.5. Renewable Energy
- 4.5.1. Discussions have taken place with a wind farm operator regarding a potential joint venture in the delivery and operation of a wind farm. The scale of the investment

would likely be significant and, given changes in legislation, this commercial investment would now not be possible.

4.5.2 Officers are also exploring opportunities for battery storage and solar array on Council own land. Discussions are taking place with Scottish Power Energy Networks and North Ayrshire Council who have established a solar photovoltaic farm which is estimated to generate £12.8m over a 20-year period.

4.5.3. Likewise, district heating opportunities are being explored with colleagues in Technical Services including delivery models.

4.5.4. Officers are also exploring commercial delivery models for electric vehicle charging to be rolled out across Glasgow City Region.

6. Next Steps and Timescales

6.1. There are a number of opportunities being explored which have varying timelines. Separate reports will be brought to Committee as opportunities crystallise, and approvals sought.

7. Employee Implications

7.1. Opportunities are being led by officers within Enterprise and Sustainable Development Service.

8. Financial Implications

8.1. There are no financial implications of this report. The opportunities being explored aim to ultimately generate income for the Council and, in the short to medium term, contribute to future year's budget strategies.

9. Climate Change, Sustainability and Environmental Implications

9.1. Any project will be taken forward in line with the Council's sustainability objectives.

10. Other Implications

10.1. A number of the opportunities being explored have current and future liabilities for the Council which require to be mitigated. Disposal and redevelopment must be actively considered, which may incur some upfront expenditure.

11. Equality Impact Assessment and Consultation Arrangements

11.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy, therefore, no Impact Assessment is required.

11.2. Consultations have taken place with a number of Resources and will continue to do so as projects are developed.

David Booth

Executive Director (Community and Enterprise Resources)

8 January 2024

Link(s) to Council Values/Priorities /Outcomes

- ◆ Ambitious, self-aware and improving
- ◆ Fair, open and sustainable
- ◆ Working towards a sustainable future in a sustainable environment

- ◆ Thriving business, fair jobs and vibrant town centres

Previous References

- ◆ None

List of Background Papers

- ◆ None

Contact for Further Information

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

Alison Brown, Head of Enterprise and Sustainable Development
alison.brown@southlanarkshire.gov.uk

Report

10

Report to:	Executive Committee
Date of Meeting:	24 January 2024
Report by:	Chief Executive

Subject:	Representation on Outside Bodies – Clydesdale Citizens' Advice Bureau
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1. Purpose of Report

1.1. The purpose of the report is to: -

- ♦ advise of the action taken, in terms of Standing Order No 37(c), due to the timescales involved, by the Chief Executive, in consultation with the Chair and an ex officio member, to appoint Councillor McClymont as the Council's representative on Clydesdale Citizens' Advice Bureau

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation: -

- (1) that the action taken, in terms of Standing Order No 37(c) by the Chief Executive, in consultation with the Chair and an ex officio member, to appoint Councillor McClymont as the Council's representative on Clydesdale Citizens' Advice Bureau be noted.

3. Background

3.1. The Council, at its meeting on 18 May 2022, approved its representation on certain statutory joint boards and outside bodies. A report which provided an update on arrangements which were delegated to the Chief Executive to finalise was submitted to the Council on 15 June 2022. At that meeting, it was agreed that a report to consider any further representation on a number of other bodies be submitted to the Executive Committee.

4. Representation on Clydesdale Citizens' Advice Bureau

4.1. At the meeting of the Executive Committee held on 29 June 2022, it was noted that, due to the large number of requests for elected member involvement received from organisations, the Council was not in a position to nominate a representative to every organisation which requested this. Those bodies, including Clydesdale Citizens' Advice Bureau, were advised accordingly.

4.2. The Council is now in a position to appoint a representative to Clydesdale Citizens' Advice Bureau and Councillor McClymont had intimated her interest in an appointment to this organisation. Similarly, Clydesdale Citizens' Advice Bureau had confirmed that it would wish to have elected member representation.

4.3. To allow Councillor McClymont to take up the appointment to Clydesdale Citizens' Advice Bureau without delay, in terms of Standing Order No 37(c) of the Council's Standing Orders on Procedures, the Chief Executive, in consultation with the Chair

and an ex officio member, approved Councillor McClymont's appointment as the Council's representative on Clydesdale Citizens' Advice Bureau.

5. Employee Implications

5.1. None.

6. Financial Implications

6.1. None.

7. Climate Change, Sustainability and Environmental Implications

7.1. There are no climate change, sustainability or environmental implications as a result of this report.

8. Other Implications

8.1. There are no issues in terms of risk arising from this report.

9. Equality Impact Arrangements and Consultation Arrangements

9.1. This report does not introduce a new policy function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

Paul Manning
Chief Executive

4 January 2024

Link(s) to Council Values/Priorities/Outcomes

♦ Accountable, effective and efficient.

Previous References

- ♦ South Lanarkshire Council 18 May and 15 June 2022
- ♦ Executive Committee, 29 June 2022

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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