



Report

Report to:	Executive Committee
Date of Meeting:	13 February 2019
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Budget 2018/2019 and Monitoring for Period 11 - 1 April 2018 to 4 January 2019
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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 2018 to 4 January 2019.

2. Recommendation(s)

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

- (1) that the Period 11 position (ended 4 January 2019) of the General Fund Capital Programme itemised at Appendices 1 – 4 and the Housing Capital Programme at Appendix 5, be noted;
- (2) that the adjustments to the General Fund programme listed at Appendix 2 and section 4.6, be approved; and
- (3) that the revised programmes be monitored by the Financial Resources Scrutiny Forum.

3. Background

3.1. The attached statements to this report provide a summarised monitoring position as at 4 January 2019. Spending has been split into two separate sections:

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

4. General Fund

4.1. 2018/19 Budget

The budget agreed at Executive Committee on 19 December 2018 was £68.541 million. A revised budget of £66.819 million is presented in Appendix 1. This consists of the base budget plus carry forward projects, previously approved adjustments and proposed adjustments totalling a net decrease of £1.722 million.

4.2. The total programme of £66.819 million includes adjustments to the programme totalling a net decrease of £0.700 million which are proposed in this report at Appendix 2. In addition, the original budget for 2018/2019 included an allocation of £4.551 million for Planned Asset Management. However, following a review of this

programme of works to date, it has been identified that some of this expenditure cannot be classed as capital. Therefore, budget of £1.022 million has been transferred to Housing and Technical Resources' Revenue budget. The total overall expenditure on Planned Asset Management, across capital and revenue, remains at £4.551 million.

- 4.3. A list of the projects where approval is sought to reduce the 2018/2019 budget allocation is included in Appendix 4, along with their anticipated completion dates.
- 4.4. The programme spend and funding for the General Fund is summarised in Appendices 1 and 3. Total funding of £66.819 million is available in year.
- 4.5. **2018/2019 Outturn**
In terms of the General Services Capital Programme, work has been ongoing to clarify the predicted spend position for this financial year and current estimates from Housing and Technical Resources suggest an outturn of £62.517 million. This is an underspend of £2.586 million and relates mainly to projects within Community and Enterprise Resources (£1.195 million), Education Resources (£1.240 million) and Housing and Technical Resources (£0.376 million).
- 4.6. The main reasons for the projected underspend include: a saving of £0.389 million is anticipated in the Roads Improvement Programme (Rutherglen and Cambuslang Area) against the projects programmed for the current year. However, this funding will be deferred until financial year 2019/2020 when the remaining monies will be utilised when better weather conditions prevail. In addition, capitalisation of expenditure within Education Resources revenue budget is no longer required this financial year, following the completion of the revenue budget probable outturn exercise (£1.000 million). As with the Roads Improvement Programme, it is proposed that this budget be used to augment the budget into 2019/2020, with a view to supporting Education Resources' future ICT costs.
- 4.7. There are also projects within Community and Enterprise Resources and Housing and Technical Resources where timing of spend means the budget is required next year, rather than this, therefore funding will be carried forward into next financial year.
- 4.8. **2018/19 Monitoring**
Budget for the period is £44.654 million and spend to the 4 January 2019 is £41.766 million. This represents expenditure of £2.888 million behind profile. This is mainly due to the timing of spend in the Roads Improvement Programme (£2.4 million) and Structures Works (£0.330 million) projects within Roads Services. It is expected that full spend on both of these projects, with the exception of the slippage identified on the Roads Improvement Programme for the Rutherglen and Cambuslang area (£0.389m) as identified at 4.6. above, will be made this financial year.
- 4.9. Actual funding received to 4 January 2019 is £57.299 million.

5. Housing Programme

- 5.1. **2018/19 Budget**
Appendix 5 also shows the position on the Housing programme as at 4 January 2019. The revised capital programme for the year is £53.664 million. Programmed funding for the year totals £53.664 million.

- 5.2. 2018/19 Outturn
In terms of the Housing Capital Programme, current estimates from Housing and Technical Resources suggest an outturn of £53.664 million.
- 5.3. 2018/2019 Monitoring
Budget for the period is £37.112 million and spend to 4 January 2019 amounts to £37.001 million. This represents expenditure of £0.111 million behind profile. This underspend relates to project programming and the timing of the actual spend on various projects.
- 5.4. As at 4 January 2019, actual funding of £37.001 million had been received.
- 5.5. Regular monitoring of both the General Fund Programme and the Housing Programme is carried out in detail by the Financial Resources Scrutiny Forum and reported on a regular basis to this Committee.
- 6. Employee Implications**
- 6.1. None.
- 7. Financial Implications**
- 7.1. As detailed within this report.
- 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. Equality Impact Assessment and Consultation Arrangements**
- 9.1. 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.
- 9.2. There was also no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning
Executive Director (Finance and Corporate Resources)

14 January 2019

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Executive Committee, 19 December 2018

List of Background Papers

Capital Ledger prints to 4 January 2019

Contact for Further Information

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

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SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2018/19
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2018 TO 4 JANUARY 2019

APPENDIX 1

	£m	£m
2018/19 Budget including Carry Forward – 19 December 2018		68.541
Proposed Adjustments – Period 10 & 11		(0.700)
Transfer of Planned Asset Management to Revenue		(1.022)
Total Revised Budget including Carry Forward		66.819

<u>Resource</u>	<u>Base</u> <u>2018/19</u> <u>Budget</u> <u>£m</u>	<u>Period 10 & 11</u> <u>Proposed</u> <u>Adjustments</u> <u>£m</u>	<u>Revised</u> <u>2018/19</u> <u>Budget</u> <u>£m</u>
Community & Enterprise	36.619	(0.800)	35.819
Education	21.317	0.100	21.417
Finance & Corporate	1.592	0.000	1.592
Housing & Technical	8.373	(1.022)	7.351
Social Work	0.640	0.000	0.640
Total	68.541	(1.722)	66.819

Proposed Adjustments**Community and Enterprise Resources****Rural Development Centre, Lanark**

As reported to the Community and Enterprise Resources Committee on 6 March 2018, funding of £0.800m was secured from the Scottish Government's Regeneration Capital Grant Fund (RCGF) to create a Rural Development Centre in Lanark. The works would encompass new business office accommodation and community benefits. (£0.800m)

Following ongoing discussions with the landlord, revised timescales for this project are now anticipated. The Scottish Government have confirmed that this funding can be carried forward into 2019/20. Approval is sought to allow slippage of £0.800m into the 2019/20 Capital Programme.

Crematorium Shelter

A project to build a new external public shelter at South Lanarkshire Crematorium has been developed, which will be funded by current Community and Enterprise Resources revenue budget, and it is proposed that this be added to the Capital Programme. These works will commence on site in financial year 2019/20 therefore approval is sought to allow slippage of £0.050m into the 2019/20 Capital Programme. (£0.050m)

Information Communication Technology Systems

Approval is sought to introduce two information communication technology projects to the Community and Enterprise Resources' Capital Programme. Funding for these projects has been identified from within current Community and Enterprise Resources revenue budget. These projects are detailed below:

Cashless School Meals System – this project will see the replacement of the existing cashless school meals system within 17 secondary schools to allow the Council to continue to comply with its statutory obligations to provide anonymity for pupils entitled to free school meals. £0.175m

FLARE System - project to support the upgrade of Environmental Services FLARE system to meet operational requirements for recording Pest Control and Clinical Waste jobs. £0.052m

In order to reflect the timescales for these projects to commence, approval is sought to carry forward this funding of £0.227m into 2019/20. (£0.227m)

Education Resources**St Athanasius' Primary School**

Approval is sought to increase the 2018/19 Capital Programme by £0.100m to allow the permanent adaptation of the nursery accommodation within St Athanasius' Primary School to accommodate existing nursery numbers. This requirements featured as part of the Future Capital Investment Strategy for future years. £0.100m
However, capacity requirements means that these works are required now. These costs can be met by a contribution from Education Reserves held for Early Years.

TOTAL ADJUSTMENTS (£0.700m)

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2018/2019
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2018 TO 4 JANUARY 2019

APPENDIX 3

Expenditure	<u>2018/2019</u>	<u>2018/2019</u>	<u>2018/2019</u>	<u>2018/2019</u>
	<u>Original</u>	<u>Revised</u>	<u>Budget to</u>	<u>Actual to</u>
	<u>Estimate inc</u>	<u>Budget</u>	<u>04/01/19</u>	<u>04/01/19</u>
	<u>C/F</u>			
	£m	£m	£m	£m
General Fund Programme	70.625	66.819	44.654	41.766
Income	<u>2018/19</u>	<u>2018/19</u>		<u>2018/19</u>
	<u>Budget</u>	<u>Revised</u>		<u>Actual</u>
		<u>Budget</u>		<u>To</u>
	£m	£m		<u>04/01/19</u>
				£m
Prudential Borrowing	32.772	29.395		29.395
Heritage Lottery / Sportscotland Grant	0.124	0.406		0.305
Developers Contributions	1.550	1.535		1.405
Partners (Including SPT, Forestry Commission, Transport Scotland, Timber Income, and Renewable Energy Fund)	0.619	2.938		1.033
Scottish Government:				
- Capital Grant	27.607	27.607		20.705
- Cycling, Walking and Safer Streets	0.432	0.432		0.000
- Vacant and Derelict Land	2.316	1.566		1.566
- Early Years 1,140 Hours	0.970	0.635		0.635
- Regeneration Capital Grant	0.850	0.050		0.000
Specific Reserves	1.244	2.255		2.255
Capital Receipts	0.500	0.000		0.000
Capital Financed from Current Revenue	1.641	0.000		0.000
TOTAL FUNDING	70.625	66.819		57.299

Projects with Underspends in 2018/19		
Project Name	Project Type	Completion Date
Rural Development Centre	New Build	March 2020

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2018/2019
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2018 TO 4 JANUARY 2019

APPENDIX 5

	<u>2018/2019</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2018/2019</u> <u>Estimate to</u> <u>04/01/19</u> <u>£m</u>	<u>2018/2019</u> <u>Actual to</u> <u>04/01/19</u> <u>£m</u>
Expenditure			
2018/19 Budget incl carry forward from 2017/18	53.664	37.112	37.001
	<u>2018/19</u> <u>Annual</u> <u>Budget</u> <u>£m</u>		<u>2018/19</u> <u>Actual to</u> <u>04/01/19</u> <u>£m</u>
Income			
Capital Receipts – House Sales	0.000		0.081
Capital Receipts – Land Sales	2.000		2.324
Capital Funded from Current Revenue	23.730		23.730
Prudential Borrowing	21.602		6.547
Specific Grant			
- Scottish Government – New Council Houses	4.963		2.892
- Scottish Government – Buy Backs	0.900		0.690
- Scottish Government – Mortgage to Rent	0.120		0.037
- Scottish Natural Heritage	0.349		0.000
Other Income	0.000		0.700
TOTAL FUNDING	53.664		37.001