



Report

Report to:	Executive Committee
Date of Meeting:	13 May 2020
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Budget 2019/2020 and Monitoring for Period 12 - 1 April 2019 to 28 February 2020
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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 2019 to 28 February 2020.

2. Recommendation(s)

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

- (1) that the Period 12 position (ended 28 February 2020) of the General Fund Capital Programme, itemised at Appendices 1 - 3 and the Housing Capital Programme at Appendix 4, be noted;
- (2) that the projected outturn of £64.6 million for the General Fund Capital Programme, detailed at section 5.1.2. be noted;
- (3) that the projected outturn of £56.2m for the Housing Capital Programme, detailed at section 5.2.2. be noted; and
- (4) that the revised programmes be monitored by the Financial Resources Scrutiny Forum.

3. Background

3.1. The attached statements to this report provide a summarised monitoring position as at 28 February 2020. Spending has been split into two separate sections:

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

4. Employee Implications

None

5. Financial Implications

5.1. General Fund

5.1.1. 2019/20 Budget

The budget agreed at Executive Committee on 25 March 2020 was £76.804 million, as shown in Appendix 1. There are no new adjustments proposed in this report.

5.1.2. 2019/20 Outturn

Current estimates from Housing and Technical Resources, predict an outturn of £64.6 million. This is an underspend of £12.2 million and relates mainly to projects within Education Resources (£4.8m), Housing and Technical Resources (£2.7m), Community and Enterprise Resources (£2.4m), Social Work Resources (£2.1m) and Finance and Corporate (£0.2m). As reported to this Committee previously, the majority of the variance is due to the timing of spend, resulting in budget required in 2020/21 rather than 2019/20.

- 5.1.3. The year-end position is being prepared and this will be reported to Committee in June 2020. It is anticipated that the ongoing implications of COVID-19, including the closure of construction sites in advance of the financial year end, will likely impact on the level of capital spend achieved this financial year.
- 5.1.4. A list of the main projects which will now complete in 2020/21 is included in Appendix 3, along with their anticipated completion dates.
- 5.1.5. It was reported to this Committee previously (29 January 2020) that the ongoing land negotiations associated with Lanark Park and Ride (£0.3 million) meant that grant from Strathclyde Partnership for Transport (SPT) was unlikely to be claimed in 2019/2020. Discussions during early March 2020 indicated a more positive outlook in terms of completing the land acquisition and claiming the grant in 2019/2020. However, COVID-19 has resulted in the legal paperwork being unable to be concluded. Therefore SPT funding will not be provided in 2019/20 but will be considered by SPT for 2020/21.
- 5.1.6. The outturn has moved by £1.9 million from the underspend of £10.3 million reported at period 11. The decrease in outturn mainly reflects revised project timescales on a number of new projects identified this period, and movement in the projects already identified in Appendix 3.
- 5.1.7. The new projects total £0.800 million and include: a delay in the commencement of the Mobile Working pilot project (£0.1m), a saving anticipated in the Roads Improvement Programme against the projects programmed for the current year, as well as the timing of project delivery (£0.2m) and utility diversionary works delaying the main contract works at Greenhills Road (£0.5m). In relation to the savings identified on the Roads Improvement Programme, these funds will be carried forward and used to contribute towards roads projects in 2020/21.
- 5.1.8. These reductions have been partially offset by an increase in the outturn for the timing of spend in relation to the completed City Deal project at Westburn Road roundabout, which has increased (£0.2m) since period 11.
- 5.1.9. Existing Appendix 3 project movements total £1.3 million and include Essential Services Fabric upgrade (£0.3m); Civic Centre Fabric Upgrade (£0.2m); Prioritised Urgent Investment (£0.3m) and Central Energy Efficiency Fund (£0.5m).
- 5.1.10. Period 12 Position
The programme spend and funding for the General Fund is summarised in Appendix 2. As noted in 5.1.1., the total capital spending programme for the year is £76.804 million.
- 5.1.11. Budget for the period is £51.154 million and spend to the 28 February is £49.786 million. This represents expenditure of £1.368 million behind profile and mainly

reflects the timing of spend across a number of projects within Housing and Technical Resources (£0.575m) and Finance and Corporate Resources (£0.471m), along with the Blantyre Care Facility within Social Work Resources (£1.892m). These underspends have been offset by spend being greater than anticipated on the Early Years 1,140 Hours Programme within Education Resources (£1.743m).

5.1.13. For Housing and Technical Resources and Social Work Resources this is reflected in the outturn position identified at 5.1.2. above. For Finance and Corporate Resources, it is anticipated that full spend will be achieved by the end of the financial year, with the exception of the Mobile Working project and the Computer Room Upgrades project reported previously. The increased spend within the Early Years 1,140 Hours Programme is a timing issue only, with an underspend anticipated by the end of the financial year.

5.1.14. Actual funding received to 28 February 2020 is £62.563 million.

5.2. Housing Programme

5.2.1. 2019/20 Budget

Appendix 4 summarises the position on the Housing programme as at 28 February 2020. The capital programme for the year is £61.835 million. Programmed funding for the year also totals £61.835 million.

5.2.2. 2019/20 Outturn

In terms of the Housing Capital Programme, the predicted spend position for this financial year, advised by Housing and Technical Resources, is an outturn of £56.2 million. This is an underspend of £5.6 million and relates to the timing of spend, resulting in budget required in 2020/21 rather than in 2019/20.

5.2.3. As with General Services, the year-end position is being prepared and will be reported to Committee in June, with COVID-19 likely to impact on the levels of spend achieved in 2019/20.

5.2.4. Period 12 Position

Budget for the period is £43.341 million and spend to 28 February 2020 amounts to £40.658 million. This represents expenditure of £2.683 million behind profile. This is in line with the outturn reported at section 5.2.2.

5.2.5. As at 28 February 2020, £40.658 million of funding had been received.

5.2.6. 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. 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. 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.

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
Executive Director (Finance and Corporate Resources)

22 April 2020

Link(s) to Council Values/Ambitions/Objectives

- Accountable, Effective, Efficient and Transparent

Previous References

- Executive Committee, 25 March 2020

List of Background Papers

Capital Ledger prints to 28 February 2020

Contact for Further Information

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

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SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2019/20
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2019 TO 28 FEBRUARY 2020

APPENDIX 1

£m

Total Revised Budget – Period 11 **76.804**

Proposed Adjustments – Period 12 -

Total Revised Budget **76.804**

	<u>2019/20 Budget (from Period 10)</u>	<u>Period 12 Proposed Adjustments</u>	<u>Revised 2019/20 Budget</u>
<u>Resource</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Community & Enterprise	40.538	0.000	40.538
Education	25.234	0.000	25.234
Finance & Corporate	0.993	0.000	0.993
Housing & Technical	7.310	0.000	7.310
Social Work	2.729	0.000	2.729
Total	76.804	0.000	76.804

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2019/20
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2019 TO 28 FEBRUARY 2020

APPENDIX 2

Expenditure	<u>2019/20</u> <u>Original</u> <u>Estimate</u> <u>inc C/F</u> £m	<u>2019/20</u> <u>Revised</u> <u>Budget</u> £m	<u>2019/20</u> <u>Budget to</u> <u>28/02/20</u> £m	<u>2019/20</u> <u>Actual to</u> <u>28/02/20</u> £m
General Fund Programme	78.429	76.804	51.154	49.786
Income	<u>2019/20</u> <u>Original</u> <u>Budget</u> £m	<u>2019/20</u> <u>Revised</u> <u>Budget</u> £m		<u>2019/20</u> <u>Actual</u> <u>To</u> <u>28/02/20</u> £m
Prudential Borrowing	23.863	19.391		19.391
Developers Contributions	3.124	2.278		0.980
Lottery	0.000	0.465		0.000
Partners (Including SPT, High Blantyre Construction Ltd, Transport Scotland and Renewable Energy Fund)	1.331	3.982		0.917
Scottish Government:				
- Capital Grant	33.029	33.029		30.277
- Cycling, Walking and Safer Streets	0.520	0.520		0.000
- Vacant and Derelict Land	2.023	1.570		1.570
- Early Years 1,140 Hours	5.344	5.344		5.344
- Regeneration Capital Grant	1.100	0.390		0.390
-Town Centre Regeneration Fund	2.506	0.480		0.480
Glasgow City Region City Deal	1.940	6.141		0.000
Specific Reserves	2.149	2.914		2.914
Capital Receipts	1.500	0.300		0.300
TOTAL FUNDING	78.429	76.804		62.563

Projects with Underspends in 2019/20		
Project Name	Project Type	Completion Date
Extension of Cemeteries and Landworks	Land Purchase	Will be progressed in 2020/21
Electric Vehicle Charging	Infrastructure	June 2020
Horsley Brae	Roads	Will be progressed in 2020/21
Lanark Park and Ride	Land Purchase	Will be progressed in 2020/21
Roads Investment Programme (new P12)	Roads	Will be progressed in 2020/21
Greenhills Road (new P12)	Roads	Will be progressed in 2020/21
St Charles' Primary School Extension	Extension	August 2020
Mobile Teaching Units	Modular Units	July 2020
Education Information Communication Technology	ICT	October 2020
Auchingramont Road	Demolition / New Build	June 2020 / Jan 2021
Early Years 1,140 Hours programme	Various	Mainly August 2020
Computer Room Upgrade	Infrastructure/ Refurbishment	April 2020
Mobile Working Pilot (new P12)	Equipment	May 2020
Civic Centre	Refurbishment	Will be progressed in 2020/21
Essential Services Accommodation	Refurbishment	Throughout 2020/21
Prioritised Urgent Investment	Refurbishment	Throughout 2020/21
Central Energy Efficiency Fund	Equipment	Throughout 2020/21
Springhall Regeneration Project (H&T)	Refurbishment	Main project to upgrade Springhall Hall will complete in 2019/2020. Works to existing library will take place in 2020/2021.
Blantyre Care Facility	New Build	Estimate March 2021 – being reviewed following planning approval

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2019/2020
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2019 TO 28 FEBRUARY 2020

APPENDIX 4

	<u>2019/20</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2019/20</u> <u>Budget to</u> <u>28/02/20</u> <u>£m</u>	<u>2019/20</u> <u>Actual to</u> <u>28/02/20</u> <u>£m</u>
EXPENDITURE			
2019/20 Budget incl carry forward from 2018/19	61.835	43.341	40.658
	<u>2019/20</u> <u>Annual</u> <u>Budget</u> <u>£m</u>		<u>2019/20</u> <u>Actual to</u> <u>28/02/20</u> <u>£m</u>
INCOME			
Capital Receipts – Land Sales	0.000		0.027
Capital Funded from Current Revenue	20.589		20.589
Prudential Borrowing	28.715		7.989
Scottish Government Specific Grant			
- New Build	10.611		10.147
- Open Market Purchase Scheme	1.800		1.495
- Mortgage to Rent	0.120		0.411
TOTAL FUNDING	61.835		40.658