

Report

Report to:	Executive Committee
Date of Meeting:	29 June 2022
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Budget Monitoring Final Outturn – 2021/2022
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise Committee of the outturn position of the General Services and Housing Capital Programmes for the year ended 31 March 2022
- ◆ advise of the projects expressed in financial terms, which have been carried forward into year 2022/23.

2. Recommendation(s)

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

- (1) that the outturn on the 2021/2022 General Services Programme of £61.587 million (section 4.1), be noted;
- (2) that the carry forward of 2021/2022 projects into the 2022/2023 General Services Capital Programme totalling £11.145 million (section 4.6), be approved;
- (3) that the outturn on the 2021/2022 Housing Capital Programme of £73.181 million (section 4.8), be noted;
- (4) that it be noted that there is a carry forward of £11.434 million of 2021/2022 projects into future years' Housing Capital Programmes (section 4.10), and that the reprofiling of the budget for future years Housing Capital Programmes (section 4.11), be approved; and
- (5) that it be noted that the level of overall spend anticipated in 2022/2023, for both General Services and Housing Programmes, is the subject of a separate report to this Committee (sections 4.7 and 4.11).

Background

- 3.1. The General Services Capital Programme for 2021/2022 totalled £72.732 million. This revised programme consists of the base budget plus carry forward projects and adjustments which have been agreed by the Executive Committee up to and including its meeting on 2 March 2022.
- 3.2. The Housing Capital Programme for 2021/2022 totalled £79.640 million. This was approved by the Executive Committee on 22 September 2021.
- 3.3. Section 4 of this report will provide a final outturn position on the 2021/2022 General Services and Housing Capital Programmes and will update members on the carry forward into the new financial year.

4. Financial Implications

4.1. **General Services:** Appendix 1 shows the total expenditure of £61.587 million on the General Fund Capital Programme for year 2021/2022. This is compared to the budget of £72.732 million and results in an underspend of £11.145 million. This underspend relates to projects within Community and Enterprise Resources (£7.218m), Education Resources (£1.121m), Finance and Corporate Resources (£1.190m), Housing and Technical Resources (£1.317m) and Social Work Resources (£0.299m).

4.2. Overall, the programme underspend is due to the timing of project spend. A list of the main projects which are responsible for the underspend are detailed below:

Community and Enterprise Resources: Place Based Investment Programme (£1.617m), Hamilton HUB – New Cross Shopping Centre (£0.970m), Vacant and Derelict Land (£0.563m), Contribution to Horsley Brae (£0.400m), Roads Participatory Budgeting (£0.329m), Roads Structures (Mousemill Rd, Clyde, Ponfeigh, Daer and Scrogton) (£0.473m), Cycling, Walking and Safer Streets (£0.238m), Cathkin Bypass (£0.328m) and Greenhills Road (£1.081m).

Education Resources: St Charles' Primary School Extension (£0.141m), Newton Farm Primary School Extension (£0.475m), St Mark's Primary School, Hamilton – Extension (£0.152m), Early Years 1,140 Hours (£0.379m)

Finance and Corporate Resources: IT Infrastructure Refresh (£0.401m), Digital Connectivity (£0.275m), Caird Data Centre (£0.174m), Audio Visual Upgrade (£0.389m), Climate Change / Digital Transformation Fund (£0.325m) and offset by better than anticipated progress on Oracle Fusion (£0.790m)

Housing and Technical Resources: Prioritised Urgent Investment (£0.249m), Lifecycle Replacement Schools (£0.246m), Community Facilities Fund (£0.100m), Civic Centre Fabric Upgrade (£0.317m) and Central Energy Efficiency Fund (£0.367m).

Social Work Resources: Care Home Replacement – Blantyre (£0.131m), Community Alarms (£0.021m) and Replacement SwIS Plus System (£0.148m).

4.3. The majority of these projects will continue into 2022/2023. These projects are listed in Appendix 2.

4.4. **Year End and Accounting Adjustments:** Accounting Regulations mean that adjustments are required to report spend correctly as either Capital or Revenue for the purposes of publishing our Annual Accounts. This includes where spend from the Capital Programme is on assets that are not owned by the Council (for example Shawfield Industrial Estate spend) or where spend must be classed as Revenue due to the nature of the spend. This adjustment has no physical impact on projects – it is an accounting entry only.

4.5. From reviewing the Council's Revenue and Capital spend, £1.627 million of capital spend is required to be recorded as Revenue spend. Conversely, £0.378 million of revenue spend should be recorded as Capital. These transfers mean that for the purpose of publishing our Annual Accounts only, there is capital spend of £60.338 million. The funding sources for this spend are detailed in Appendix 1.

4.6. **Carry Forward to 2022/2023:** As noted in 4.1, the year-end underspend is £11.145 million. This £11.145 million will carry forward into financial year 2022/23.

- 4.7. The overall base programme for 2022/2023, including this carry forward of £11.145 million, is included in a separate report to this meeting. This separate report reviews the programme for the coming year detailing the overall level of spend achievable.
- 4.8. **Housing Programme** Appendix 3 shows the budget for the year of £79.640 million. The actual expenditure on the Housing programme was £73.181 million, a net underspend of £6.459 million. The delivery of the Housing Capital Programme for 2021/2022 has been affected by the pandemic. Part of this underspend relates to the New Housing Supply Programme and this was solely due to the volume of buy backs, which was lower than targeted levels due to current market conditions. The remainder of the underspend relates to our ongoing investment in stock, which has been affected by the Covid-19 restrictions.
- 4.9. Housing and Technical Resources have also received additional one-off income totalling £6.166 million in relation to Renewable Heating Initiative / Feed in Tariffs, land sales, developer contributions and Scottish Government Grants. This will be added to the overall funding available for the Housing Programme.
- 4.10. Taking into account the year-end underspend position of £6.459 million (section 4.8) and the additional income of £6.166 million (section 4.9), means a carry forward of £12.625 million. The timing of the New Housing Supply Programme works means that £1.191 million of this carry forward will be required in 2022/2023. This leaves slippage of £11.434 million which will fall into future financial years, the timing of which has still to be finalised.
- 4.11. The budgeted programme for 2022/2023 is £52.230 million. The Service is still expecting to spend to that level, however, work will continue to monitor achievable spend. Any revisions will be presented to a future meeting of this Committee for approval.

5. Employee Implications

- 5.1. None.

6. Financial Implications

- 6.1. Financial implications are contained within Section 4 of this report.

7. Climate Change, Sustainability and Environmental Implications

- 7.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in 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.
- 8.2. The Coronavirus (COVID-19) Pandemic has led to materials shortages, longer lead times and steep price increases and this will continue to impact the supply chain for the foreseeable future. The impact of this will be monitored through the four weekly investment management meetings. Further updates will be reported in the coming months with any significant increases in contract values being brought to members' attention.

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)

7 June 2022

Link(s) to Council Values/Vision/Priorities

- Accountable, Effective, Efficient and Transparent

Previous References

- Executive Committee, 22 September 2021
- Executive Committee, 2 March 2022

List of Background Papers

Capital Ledger prints to 31 March 2022

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 2021/22
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2021 TO 31 MARCH 2022

Expenditure	<u>2021/22</u> <u>Revised</u> <u>Budget</u> £m	<u>2021/22</u> <u>Actual to</u> <u>31/03/22</u> £m
General Fund Programme (from Appendix 1)	72.732	61.587
<u>Accounting Adjustments</u> (Sections 4.4 and 4.5):		
Less: Transfers to Revenue		(1.627)
Add: Year End Transfers to Capital		0.378
2021/2022 Outturn Position (Accounting Basis only)	<u>72.732</u>	<u>60.338</u>
Income		<u>2021/22</u> <u>Actual to</u> <u>31/03/22</u> £m
Prudential Borrowing		10.196
Developer Contributions		2.738
Partners (Including SPT, Sustrans, Clyde Wind Farm and Renewable Energy Fund)		5.133
Scottish Government:		
- Capital Grant		24.174
- Cycling, Walking and Safer Routes		1.162
- Vacant and Derelict Land		0.018
- Early Years 1,140 Hours		2.024
- Regeneration Capital Grant		0.510
- Town Centre Regeneration Fund		1.597
- Place Based Investment Programme		0.161
- Gaelic Capital Fund		0.038
- Electric Vehicle Infrastructure		-
- Gypsy Travellers		0.107
- CO ₂ Monitors		0.299
- NSS Tec		0.040
Glasgow City Region City Deal		9.780
Specific Reserves		0.618
Revenue Contribution		1.743
TOTAL FUNDING		60.338

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2021/2022
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2021 TO 31 MARCH 2022

Projects which will Carry Forward into 2022/23	
Project Name	Project Type
Community and Enterprise Resources	
Allotments	Infrastructure
Allotment & Raised Beds, Strathaven	Infrastructure
Alexander Hamilton Memorial Park – Woodland Management	Infrastructure
Greenhall Replacement Bridge	Infrastructure
Switched On Fleet	Infrastructure
Place Based Investment Programme	Regeneration
Hamilton HUB - New Cross Shopping Centre	Regeneration
Abington Campus for Enterprise	Regeneration
Vacant and Derelict Land (mainly Cunningar and Cunningar Allotments)	Regeneration
Glengowan Primary School Extension (Glasgow City Region City Deal Programme)	Extension /Adaptations
Calderside Academy (Glasgow City Region City Deal Programme)	Extension / Adaptations
Lanark Road Signalisation (Glasgow City Region City Deal Programme)	Roads
Uddingston Grammar (Glasgow City Region City Deal Programme)	Extension
Horsley Brae	Roads
Roads Structures (Mousemill Rd, Kirkfieldbank, Clyde, Daer & Scrogton)	Roads
Participatory Budgeting	Roads
Cambuslang Station Park and Ride	Roads
Cycling Walking & Safer Routes	Roads
Sustrans - Various	Roads
Electric Vehicle Charging Infrastructure	Charging Stations
Cathkin Bypass (Glasgow City Region City Deal Programme)	Compensation Only
Stewartfield Way (Glasgow City Region City Deal Programme)	Roads
Greenhills Road (Glasgow City Region City Deal Programme)	Roads
Education Resources	
St Charles Primary School – Extension	Extension
Newton Farm Primary School – Extension	Extension
St Mark's Primary School, Hamilton – Extension	Extension
Lightburn ELC (previously Mill Road, Cambuslang)	Parking Only
Clyde Terrace, Bothwell	New Build

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CAPITAL EXPENDITURE 2021/2022
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2021 TO 31 MARCH 2022

Projects which will Carry Forward into 2022/23	
Project Name	Project Type
Finance and Corporate Resources	
IT Infrastructure Refresh	Infrastructure
Digital Connectivity	Infrastructure
Caird Data Centre	Infrastructure
Audio Visual Upgrade - Council Chambers and Committee Room 1	Infrastructure
Climate Change / Digital Transformation Fund	Infrastructure
Housing and Technical Resources	
Prioritised Urgent Investment	Refurbishment
Lifecycle Replacement Schools	Refurbishment
Principal Offices – Fabric and Service Investment	Refurbishment
Communities Facilities Fund	Refurbishment
Civic Centre Fabric Upgrade	Refurbishment
Central Energy Efficiency Fund	Refurbishment
Social Work Resources	
Care Home Replacement – Blantyre	New Build
Community Alarms	Infrastructure
Replacement SWIS Plus	Infrastructure

APPENDIX 3

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2021/22
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2021 TO 31 MARCH 2022

	<u>2021/22</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2021/22</u> <u>Actual to</u> <u>31/03/22</u> <u>£m</u>
EXPENDITURE		
2021/22 Budget incl carry forward from 2020/21	79.640	73.181
		<u>2021/22</u> <u>Actual to</u> <u>31/03/22</u> <u>£m</u>
INCOME		
Land Sales		1.536
Capital Funded from Current Revenue		19.637
Prudential Borrowing		39.942
Scottish Government Specific Grant:		
– New Council Houses		5.385
– Land Purchases		0.850
– Open Market Purchase Scheme		1.995
– Mortgage to Rent		0.056
Miscellaneous Income		3.780
TOTAL FUNDING		73.181