



Report

Report to:	Executive Committee
Date of Meeting:	29 May 2019
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Programme 2019/2020 Update
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Consolidate the capital budget monitoring to give a Council-wide summary of the 2019/2020 Capital Programme including 2018/2019 carry forward. It includes information on two programmes: the General Fund Programme and the Housing Investment Programme, which covers all investment in relation to the Councils Housing stock.

2. Recommendation(s)

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

- (1) that the revised budget for the General Fund Programme (Section 7) and Housing Programme (Section 9) for the year 2019/2020 as outlined in this report, be approved;
- (2) that confirmation of General Capital Grant funding for 2019/2020 of £33.029 million (Finance Circular 2/2019) as detailed in section 6 be noted;
- (3) that the additional General Capital Grant funding of £0.087 million be used for Gypsy Traveller Sites, as proposed in section 6.5, be approved;
- (4) that monitoring and reporting arrangements are underway for all of the Council's Capital Programmes for 2019/2020, be noted;
- (5) that the adjustments to the General Fund programme as noted in section 8, and listed at Appendix 4, be approved; and
- (6) that the revised programmes be monitored by the Financial Resources Scrutiny Forum.

3. Background

- 3.1. A three year General Fund Capital Programme covering 2017/2018 to 2019/2020 was approved by Council on 16 February 2017. An update to the General Services Capital Programme for 2019/2020 was approved by the Executive Committee on 21 November 2018. This update report agreed additions to the 2019/2020 programme totalling £19.257 million, resulting in a revised expenditure programme of £72.541 million.
- 3.2. It was noted in this report that this revised programme did not take account of any adjustments from the 2018/2019 Capital Programme.

- 3.3. In addition, the Local Government Finance Circular 2/2019 has revised the Council's General Capital Grant allocation for 2019/2020. Grant funding has also been identified for specific spend programmes.
- 3.4. This report will provide:-
- ◆ An update on the General Fund budget for 2019/2020, taking into account adjustments which have been approved during the course of 2018/2019 (Section 4)
 - ◆ An update to the programme due to expected spend profile of a number of projects (Section 5)
 - ◆ Changes to the funding package as a result of the grant settlement for 2019/2020 and propose how this funding should be utilised (Section 6)
 - ◆ A summary of the overall General Fund programme and funding (Section 7) with proposed adjustments detailed in Section 8
- 3.5. The Executive Committee also approved a total Housing Capital Programme budget for 2019/20 of £61.945million on 20 February 2019. An update to this programme is detailed in Section 9.

4. General Services – 2018/19 Base Budget

- 4.1. As noted in section 3.1 above, the Executive Committee (21 November 2018) approved new projects for 2019/2020 totalling £19.257 million. This resulted in a revised Capital Programme of £72.541 million.
- 4.2. Movements from 2018/2019 (as approved by Executive Committee throughout the year) require to be added to this programme. Taking account of the £34.725 million of adjustments, the base programme for 2019/2020 is £107.266 million. These adjustments are listed in Appendix 1 attached.

5. Update to Programme to Reflect Spend Profiles

- 5.1. **2018/2019 Carry Forward:** As reported in the Final Outturn Report for 2018/2019, a separate report to this meeting, a carry forward total of £5.498 million will ensure sufficient budget is available to conclude ongoing projects within the General Fund Capital Programme.
- 5.2. **Extension / Improvement of Cemeteries:** Reflecting the expected timing of spend, £1.772 million of the approved 2019/2020 £1.952 million budget will be transferred to 2020/21.
- 5.3. **Zero Waste Fund:** The design of two projects is currently underway and it is anticipated that these will complete by September 2019. Of the planned spend of £0.440 million, spend of £0.390 million is now likely to occur in 2020/2021.
- 5.4. **Additional Roads:** At its meeting on the 27 February 2019 (Overall Position of Budget 2019/2020 and Savings Proposals), the Council agreed an additional contribution of £0.720 million for investment in Roads. This will be funded by a contribution from the Council's Reserves.
- 5.5. **Roads – Bridges:** It is anticipated that £0.500 million of the total approved budget of £6.000 million will be required in 2019/2020 to undertake preparatory works for the replacement of Clyde Bridge, Pettinain and Ponfeigh Bridge, Douglas Water. The

main construction phases of both these projects are expected to be undertaken during 2020/2021 and the budget has been profiled accordingly.

- 5.6. **Street Lighting Improvement Programme:** As reported to the Executive Committee (27 June 2018), a financial saving of £3.124 million has been realised from the original programme. £1.500 million of the saving was achieved in 2018/2019, with the remaining £1.624 million reduction being made to the 2019/2020 Capital Programme.
- 5.7. **Glasgow City Region City Deal:** A recent review of project expenditure has been undertaken which has included alignment to the anticipated project approval dates by the City Deal Cabinet. To reflect actual profiling of spend, £16.509 million has been carried forward into future years, to conclude these projects.
- 5.8. **Schools ICT Solutions for Learning:** In order to reflect the revised profile of spend for the ICT refresh programme, £2.030 million of the £3.057million budget will be moved into the 2020/2021 Capital Programme.
- 5.9. **Education Growth and Capacities:** The Executive Committee on 26 September 2018 approved the addition of 2 new projects into the Capital Programme: St Mary's Primary School, Hamilton and St Charles' Primary School, Newton. The spend expected for 2019/2020 of £0.997 million is now added to the capital programme.
- 5.10. In addition, to reflect expected spend profiles, £1.074 million of the Education Growth and Capacities budget of £1.736 million will be moved to the 2020/2021 programme.
- 5.11. **Early Years – 1,140 Hours:** In order to continue planning for implementation in August 2020, approval was given to progress with the Phase 1 projects to the Executive Committee on 15 August 2018 detailing a first phase of a capital programme of works. A second phase of works was approved by the Executive Committee on 13 February 2019.
- 5.12. A further report is being presented to this meeting, requesting approval to progress with a third phase of works. It is estimated that the total cost of delivering the 1,140 Hours programme will be in the region of £32.300 million, in line with the estimated costs already reported in the Council's Capital Strategy.
- 5.13. To reflect the expected timing of spend on projects, £3.365 million of budget will be accelerated from 2020/2021 to 2019/2020.
- 5.14. **Social Work Care Facilities:** Construction works for the Blantyre facility are scheduled to commence later in 2019. Initial estimates by Housing & Technical Resources anticipate that an allocation of £2.700 million will be required in 2019/2020 for these works. Further phases of works are currently under development.
- 5.15. Taking into account the adjustments noted at 5.1. to 5.14. above results in a revised budget for 2019/2020 totalling £74.196 million and this position is summarised in Table 1.

Table 1: Revised General Fund Programme 2019/2020

	2019/2020 £m
Approved Programme – November 2018	72.541
Net Changes Approved During 2018/2019 (Section 4.2) <i>including £21.837m adjustments approved at the start of 2018/2019</i>	34.725
Proposed Changes to the 2019/20 Programme	
2018/19 Carry Forward (Section 5.1)	5.498
Extension / Improvement of Cemeteries (Section 5.2)	(1.772)
Zero Waste Fund (Section 5.3)	(0.390)
Additional Roads (Section 5.4)	0.720
Roads – Bridges (Section 5.5)	(5.500)
Street Lighting Improvement Programme (Sections 5.6)	(1.624)
Glasgow City Region City Deal (Section 5.7)	(16.509)
Schools ICT Solutions for Learning (Section 5.8)	(2.030)
Growth and Capacities – St Mary's / St Charles (Section 5.9)	0.997
Growth and Capacities – Other (Section 5.10)	(1.074)
Early Years – 1,140 Hours (Sections 5.11 – 5.13)	3.365
Social Work Care Facilities (Section 5.14)	(14.751)
Revised General Fund Expenditure Programme	74.196

6. Notification of Grant and Funding

- 6.1. **General Capital Grant:** The General Capital Grant figure included in the programme for 2019/2020 is £24 million. This was a prudent assumption based on the approximate level of the 2016/2017 General Capital Grant allocation, the most recent data available when the three year programme was originally set. £6 million in 2019/20 will be used to contribute towards the Glasgow City Region City Deal Programme, as the Council is required to meet 14% of the estimated costs.
- 6.2. Since the approval of this report, the Council has received confirmation of the Capital funding available in 2019/2020, as part of the Local Government Finance Settlement (FC8/2018) issued on 17 December 2018.
- 6.3. The circular identified General Capital Grant of £27.137 million awarded for financial year 2019/2020. This is an additional £3.137 million compared to the estimated allocation of £24.000 million. Confirmation has also been received that £5.805 million of General Capital Grant not issued to the Council in 2016/2017 will be reinstated in 2019/2020. In total, there will be an additional £8.942 million of General Capital Grant available for use in 2019/2020.
- 6.4. The Executive Committee on 13 February 2019 (Overall Position of Budget 2019/2020 and Savings Proposals) agreed that additional General Capital Grant of £8.942 million be used to contribute towards projects identified in the Council's Capital Strategy, namely Early Learning and Childcare : 1140 Hours Requirements.
- 6.5. Subsequently, Finance Circular (FC 2/2019) issued in March 2019 identified a further £0.087 million of General Capital Grant for the Council, bringing the total General Capital Grant to £33.029 million. This leaves a balance of funding of £0.087 million

and it is proposed that this be allocated to Gypsy Traveller sites to fund planned improvement works.

- 6.6. The Scottish Government previously provided funding for Gypsy Travellers in the form of a specific ring fenced capital grant. However, this was rolled up into the General Capital Grant. This funding will be used to allow the demolition and replacement of the community facility and associated works at Shawlands Crescent, Larkhall. The temporary facility at this site has been well used over the years for community activities and for service provision / engagement but is now considered to be in need of replacement. In addition, works on the site pitch and amenity block at this site will also be undertaken.
- 6.7. **Borrowing:** Borrowing of £23.863 million is included in the funding package for this programme. This reflects the original funding package approved (16 February 2017), the additional borrowing identified in the Capital Strategy report (November 2018) and also the adjustments to the programme identified in Sections 4 and 5 above.
- 6.8. **Specific Capital Grant:** Finance Circular 2/2019 also confirmed specific Capital Grant funding for Cycling, Walking and Safer Streets (£0.520 million), Vacant and Derelict Land (£1.120 million of which £0.800 million is allocated to Clyde Gateway), Early Years 1,140 Hours (£6.900 million) and Town Centre Regeneration Fund (£2.506 million). The allocation for Early Years has already been reflected in the 2019/2020 requirement (see section 5.11- 5.13) and no further adjustments to the programme are necessary. A separate report will be presented to the Community and Enterprise Resource Committee, detailing the proposals for allocating the Town Centre Regeneration Fund to projects.
- 6.9. Taking into account the funding changes noted in 6.1. to 6.8. above, results in a revised General Services Capital Programme for 2019/2020 totalling £78.429 million. This is summarised in Table 2 below and a detailed breakdown is included in Appendix 2.

Table 2: Summary of 2019/2020 General Fund Capital Programme Funding

	2019/2020 £m
Revised General Fund Programme (Section 5.15.)	74.196
Additional General Capital Grant (Section 6.5.)	0.087
Specific Capital Grants – excluding Early Years 1,140 Hours (Section 6.8.)	4.146
Revised General Fund Programme	78.429

7. Summary – General Fund Capital Programme and Funding 2019/2020

- 7.1. A revised Capital Programme for 2019/2020 of £78.429 million is proposed in this report, which reflects the current spend profile of a number of multi-year projects.
- 7.2. A funding package of £78.429 million is also proposed and this is detailed in Appendix 3 attached. The funding package reflects the revised General Capital Grant allocation and specific grant awards for 2019/2020 as advised in Local Government Finance Circular 2/2019.

8. Amendments to the 2019/2020 Programme

- 8.1. Section 7.1. above shows the base budget for the financial year as £78.429 million. The detail of this across Resources is shown in Appendix 2 to the report.
- 8.2. In the first month of financial year 2019/2020, amendments to the Capital Programme have been proposed by Resources totalling a net increase of £2.530 million. These have been included in this report in Appendix 4 for approval. If these proposals are approved, the total capital spending programme for the year will be £80.959 million

9. Housing – Update to 2019/2020 Programme

- 9.1. As noted in section 3.5., the Executive Committee approved a total Housing Capital Programme budget for 2019/2020 of £61.945 million on 20 February 2019.
- 9.2. As per a separate report to this meeting, there is a net negative carry forward of £0.110 million from 2018/2019, which will reduce the 2019/20 Programme.
- 9.3. The base budget for 2019/2020 therefore totals £61.835 million and this is the base budget for the year. This is detailed along with the funding sources at Appendix 5 to this report.

10. Financial Implications

- 10.1. **General Fund Programme:** Section 8.2. above shows the revised budget for the year is £80.959 million. The programme spend and funding for the General Fund is summarised in Appendix 3.
- 10.2. Total funding of £80.959 million is available in year.
- 10.3. **Housing Programme:** Section 9.3. above shows the base budget for the financial year as £61.835 million. No further adjustments are proposed in this report.
- 10.4. Total funding of £61.835 million is available in year.
- 10.5. 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.

11. Other Implications

- 11.1. 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.

12. Equality Impact Assessment and Consultation Arrangements

- 12.1. 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.
- 12.2. 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)

1 May 2019

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Executive Committee, 16 February 2017
- ◆ Executive Committee, 21 November 2018
- ◆ Executive Committee, 13 February 2019
- ◆ Executive Committee, 20 February 2019

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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Changes Approved by Executive Committee during 2018/2019

Project Name	Amount £m
Extension / Improvement of Cemeteries	1.500
Existing Synthetic and Grass Pitches	0.300
Springhall Regeneration Project	0.850
Zero Waste Fund	0.400
Bin Storage	0.100
Ballgreen Hall – demolition	0.130
Tom Craig Centre Hall, Sports Pavilion and Pitches, Law	0.136
Crematorium Shelter	0.050
Cashless System	0.175
Flare System	0.052
Rural Development Centre	0.800
Vacant and Derelict Land	0.750
Flood Prevention	0.075
Sustainable Transport Improvements – Clydesdale Area	0.025
Total City Deal / Developer Contributions – Community Growth Areas	3.070
Total Glasgow City Region City Deal – Roads Projects (Greenhills, Cathkin, Stewartfield Way)	10.211
Schools ICT Solutions for Learning	1.226
Primary Schools Modernisation Programme	2.690
Early Years – 1,140hrs	6.235
Electronic Document Records Management System (EDRMS) – Phase 2	0.100
Springhall Regeneration Project	0.300
Prioritised Urgent Investment in Property	0.250
Headquarters Fabric Upgrade	0.300
Social Work Residential Facilities	5.000
Total	34.725

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2019/20
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2019 TO 31 MARCH 2020

APPENDIX 2

£m £m

Original 2019/20 Base Budget including Carry Forward	78.429
Proposed Adjustments – Period 1	2.530
Total Revised Budget including Carry Forward	80.959

<u>Resource</u>	<u>Base</u> <u>2019/20</u> <u>Budget</u> <u>£m</u>	<u>Period 1</u> <u>Proposed</u> <u>Adjustments</u> <u>£m</u>	<u>Revised</u> <u>2019/20</u> <u>Budget</u> <u>£m</u>
Community & Enterprise	39.457	2.171	41.628
Education	24.934	0.000	24.934
Finance & Corporate	0.929	0.300	1.229
Housing & Technical	10.380	0.059	10.439
Social Work	2.729	0.000	2.729
Total	78.429	2.530	80.959

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2019/20
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2019 TO 31 MARCH 2020

APPENDIX 3

	<u>2019/20</u> <u>Original</u> <u>Estimate inc</u> <u>C/F</u> £m	<u>2019/20</u> <u>Revised</u> <u>Budget</u> £m
Expenditure		
General Fund Programme	78.429	80.959

	<u>2019/20</u> <u>Budget</u> £m	<u>2019/20</u> <u>Revised</u> <u>Budget</u> £m
Income		
Prudential Borrowing	23.863	23.863
Developers Contributions	3.124	3.162
Partners (Including SPT, Forestry Commission, Transport Scotland, Timber Income, and Renewable Energy Fund)	1.331	3.534
Scottish Government:		
- Capital Grant	33.029	33.029
- Cycling, Walking and Safer Streets	0.520	0.520
- Vacant and Derelict Land	2.023	2.023
- Early Years 1,140 Hours	5.344	5.344
- Regeneration Capital Grant	1.100	1.100
- Town Centre Regeneration Fund	2.506	2.506
Glasgow City Region City Deal	1.940	1.940
Specific Reserves	2.149	2.138
Capital Receipts	1.500	1.800
TOTAL FUNDING	78.429	80.959

Proposed Adjustments**Community and Enterprise Resources****Craighead Pavilion and Stadium Upgrade**

Approval is sought to increase the 2019/20 Capital Programme by £0.068m to complete an upgrade of the Stadium at Craighead Park, Lesmahagow. These works will be funded by contributions from the Renewable Energy Fund (£0.030m) and developer's contributions from the Lesmahagow area (£0.038m). £0.068m

Strathclyde Partnership for Transport (SPT)

Strathclyde Partnership for Transport have awarded this Council £2.455m to progress a number of schemes during 2019/20, £0.450m of which has been carried forward from financial year 2018/19, mainly for Lanark Station Park and Ride (£0.300m). Approval is therefore sought to increase the 2019/20 Capital Programme by the net increase of £2.005m. Projects to be carried out are shown in the table below: £2.005m

Route Action Plans	£0.300m
Extension of Cambuslang Station Park and Ride – Land Purchase	£0.800m
Extension of Carstairs Station Park and Ride	£0.240m
Congestion Reduction Measures	£0.410m
National Strategic Cycle Routes	£0.216m
Bus Infrastructure Improvements	<u>£0.039m</u>
Total	£2.005m

Electric Vehicle Charging

Transport Scotland has awarded this Council £0.181m to continue the expansion of the electric vehicle charging infrastructure across South Lanarkshire, £0.083m of which has been carried forward from financial year 2018/19. Approval is therefore sought to increase the 2019/20 Capital Programme by the net increase of £0.098m. £0.098m

Finance and Corporate Resources**Computer Room Upgrades**

The Future Capital Investment Strategy identified a requirement to fund the migration of the Council's server and storage infrastructure from the Caird Data Centre. The funding included £0.300 million for upgrading works at Council Headquarters in Hamilton and the Civic Centre in East Kilbride. IT Services have now requested that this element of the works be accelerated into 2019/20 to allow essential works to be carried out. Approval is sought to increase the 2019/20 Capital Programme by £0.300 million to allow these advance works to progress. This will be funded by capital receipts received in advance of the approval of the 2020/2021 programme. £0.300m

Minor Adjustments £0.059m

Total Adjustments £2.530m

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2019/20
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2019 TO 31 MARCH 2020

APPENDIX 5

	<u>2018/19</u> <u>Annual</u> <u>Budget</u> <u>£m</u>
EXPENDITURE	
2019/20 Budget	
incl carry forward from 2018/19	<hr/> 61.835 <hr/>

	<u>2019/20</u> <u>Annual</u> <u>Budget</u> <u>£m</u>
INCOME	
Capital Receipts – House Sales	0.000
Capital Receipts – Land Sales	0.000
Capital Funded from Current Revenue	20.589
Prudential Borrowing	28.715
Specific Grant	
- Scottish Government – New Council Houses	10.611
- Scottish Government – Buy Backs	1.800
- Scottish Government – Mortgage to Rent	0.120
	<hr/> 61.835 <hr/>