

Report

Report to:	Executive Committee
Date of Meeting:	23 September 2020
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Programme 2020/2021 Update and Monitoring for Period 5 – 1 April to 14 August 2020
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Propose a 2020/2021 Capital Programme for the following two programmes:
 - ◆ General Fund Programme (including Education, Social Work, Roads and Other General Services),
 - ◆ Housing Investment Programme.
- ◆ update the Executive Committee of progress on the Capital Programme for the period 1 April to 14 August 2020.

2. Recommendation(s)

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

- (1) That the revised 2020/2021 Capital Programmes for General Services of £81.003 million (section 4.7) and Housing of £48.172 million (Section 5.3), be approved;
- (2) that the adjustments to the General Fund programme listed at Appendix 2, be approved;
- (3) that the Period 5 position (ended 14 August 2020) of the General Fund Capital Programme itemised at Appendices 3 and 4 and the Housing Capital Programme at Appendix 5, be noted and
- (4) that the revised programmes be monitored by the Financial Resources Scrutiny Forum.

3. Background

- 3.1. As noted in the latest report to this Committee (12 August 2020), the starting budget for the 2020/2021 General Services Capital Programme, including carry forward, is £106.733 million. For the Housing Capital Programme, the starting budget for the year is £97.303 million.
- 3.2. It was also noted that the progress in delivery of the new year programmes has been affected by the lockdown due to COVID-19. The ongoing implications of this, including the closure of construction sites in advance of the financial year end, had an impact on the level of capital spend achieved in 2019/2020 and this has continued into 2020/2021 with an initial four month delay experienced across the Capital Programme. In addition, the ongoing requirements of social distancing will have implications on the project delivery timescales moving forward.

3.3. Over the early months of the new financial year, as lockdown restrictions started to ease, consideration has been given to establishing an achievable Capital Programme for the current year. This report will summarise the expected spend position for the financial year 2020/2021, along with an update on the position as at 14 August 2020, for the following:

- ◆ General Fund Capital Programme including Education, Social Work, Roads and Transportation and General Services (Section 4).
- ◆ Housing Capital Programme (Section 5).

4. General Fund - 2020/2021 Capital Programme Update

- 4.1. As noted at section 3.1, a revised starting budget for the year, including carry forward, of £106.733 million is available.
- 4.2. As noted in 3.3, Resources have worked to establish an achievable Capital Programme for the current year. Appendix 1 details the original budget allocation for the year as well as the revised budget allocation now proposed as a result of the COVID-19 pandemic. This revised allocation also takes account of additional funding awarded to the Council over the summer months, including allocations from Strathclyde Passenger Transport and Sustrans. This is summarised across Resources in Table 1, and totals £73.112 million. This is a reduction of £33.621 million on the original budget.

Table 1: Revised 2020/2021 Capital Programme

Resource	Original Budget 2020/2021 (£m)	Revised Budget 2020/2021 (£m)	Movement Decrease / (Increase) (£m)
Community and Enterprise	48.200	35.401	12.799
Education	35.000	21.453	13.547
Finance and Corporate	5.249	4.749	0.500
Housing and Technical	12.467	10.665	1.802
Social Work	5.817	0.844	4.973
Resources' Capital Programme	106.733	73.112	33.621
Additional Costs (<i>section 4.4</i>)	-	7.091	(7.091)
H&T Overheads (<i>section 4.5</i>)	-	0.800	(0.800)
TOTAL EXPENDITURE	106.733	81.003	25.730

- 4.3. **Additional Costs:** The increased costs associated with protracted timescales for projects as they work under social distancing regimes are still being discussed with contractors and are therefore not included in the revised spend prediction. This will only become apparent when all projects affected restart and have had sufficient time to fully understand the implications of Social Distancing on the programme / sequencing of the project. The Executive Committee will be advised when this becomes clearer, and exceptions will be presented for approval, to allow the programme to be adjusted.
- 4.4. In addition, other costs in relation to contractor claims and loss of income totalling £7.091 million have been estimated. These additional costs have now been added to the Council's capital expenditure requirement in 2020/2021.

- 4.5. The budgeted spend also includes an additional allocation of £0.800 million which is required to manage the level of overheads to be applied by Property Services. .
- 4.6. It is estimated that the Capital Programme of £73.112 million already includes recharges of £13.900 million from Property Services, therefore an additional £0.800 million has been added to the 2020/2021 Capital Programme.
- 4.7. The adjustments noted at sections 4.4 and 4.5, total £7.891 million and when added to the deliverable spend of £73.112 million, take the Programme budget to **£81.003 million**.
- 4.8. In-year, the budget requirement of £81.003 million is a **reduction of £25.730 million** (24.11%) from the original budget of £106.733 million.
- 4.9. **Impact on Funding:** This reduction in spend of £25.730 million is made up of projects which will not achieve spend of £38.501 million, offset by additional spend due to additional funding awarded (£4.880 million) and additional in-year costs (£7.891 million). Table 2 shows the original and revised funding package. As a result of the delays experienced in project spend, there is a reduction of £25.730 million in the amount of funding being used this year.

Table 2 – Revised Funding Package 2020/2021

	Original Funding 2020/2021 (£m)	Revised Funding 2020/2021 (£m)	Movement Decrease / (Increase) (£m)
General Capital Grant	21.373	21.373	-
Other Specific Grants	21.525	16.903	4.622
City Deal / Developers Contributions	7.971	7.021	0.950
Reserves	1.994	1.133	0.861
External Income	2.168	5.291	(3.123)
Borrowing	46.313	27.782	18.531
Roads Revenue Contribution	-	1.500	(1.500)
Revenue Contribution	5.389	-	5.389
TOTAL FUNDING	106.733	81.003	25.730

- 4.10. Table 2 shows that grant / specific revenue / reserves funding of £1.810 million borrowing of £18.531 million and the revenue contribution of £5.389 million will no longer be required in 2020/2021.
- 4.11. **General Services - Period 5 Position:** Since the revised budget position detailed in section 4.7. was reported to the Recovery Board on the 20 August, amendments to the Capital Programme for period 5 have been proposed by Resources. They total an increase of £2.113 million and are detailed in Appendix 2. Therefore, a revised budget for the General Fund Programme of £83.116 million is presented in Appendix 3.
- 4.12. The programme spend and funding for the General Fund is summarised in Appendix 4. As noted in 4.11, the total capital spending programme for the year is £83.116 million.
- 4.13. Budget for the period is £11.399 million and spend to the 14 August 2020 is £11.399 million.
- 4.14. Actual funding received to 14 August 2020 is £49.464 million

5. Housing Programme - 2020/2021 Capital Programme Update

- 5.1. As noted at section 3.1, a revised starting budget for the year of £97.303 million is available for the Housing Capital Programme. The two main elements of the capital programme were the continuation to plan and undertake the works needed to keep Council homes to the SHQS and improve the quality of housing for tenants in line with the requirements of EESSH (£26.537 million) and a significant work stream to increase the supply of Council housing (£70.766 million).
- 5.2. As with the General Services Programme, there have been delays in projects caused by lock down and it is also anticipated that there will be protracted timescales for projects while works are subject to the social distancing regime and a potential increase in costs associated with new working practices.
- 5.3. For the Housing Capital Programme, current estimates from Housing and Technical Resources estimate an **outturn of circa £48.172 million**.
- 5.4. This figure includes a revised forecast for increasing the supply of Council housing of £30.039 million, based on a combination of delayed or interrupted site start dates and elongated work delivery schedules as a result of Covid-19. This will therefore require £40.727 million to be carried forward into future financial years to complete the original plans. This figure does not include any potential increase in costs associated with new working practices as a result of Covid-19. Any impact of this will require to be incorporated into the revised thirty year HRA business plan.
- 5.5. The revised forecast for the remaining planned expenditure of £26.537 million has been reduced to £13.268 million, in line with the current Building Services expectations on the revenue repairs programme of being able to deliver 6 months of the originally planned workload during 2020/2021. This is an ambitious goal for the service and detailed plans are continuing to be developed and adapted as further government guidance is provided.
- 5.6. In addition to the planned works, there will be higher costs incurred. For HRA capital this is estimated at around £4.865 million at present. This is included in the revised programme of £48.172 million.
- 5.7. **2020/2021 Funding:** As noted above the revised overall expenditure requires a revised funding package to match the £48.172 million expenditure planned.
- 5.8. A key element of this year's funding package was Scottish Government grant – Additional Council Houses to deliver the Scottish Government's increased supply targets. A revised forecast based on the revised plans should allow for grant of £19.924 million to be achieved. This is continuously monitored as part of regular meetings with the Scottish Government. The balance of £4.722 million will slip into future financial years.
- 5.9. The remaining slippage in funding is in relation to planned borrowing (£43.095m) and CFCR (£1.314m) for 2020/2021 totalling £44.409m and reflects the impact of 5.6 noted above.
- 5.10. Appendix 5 summarises the position on the Housing programme. The revised capital programme for the year is £48.172 million. Programmed funding for the year also totals £48.172 million.

5.11. **Housing Programme - Period 5 Position:** Budget for the period is £8.989 million and spend to 14 August 2020 amounts to £8.991 million.

5.12. As at 14 August 2020, £8.991 million of funding had been received.

6. Employee Implications

6.1. None.

7. Financial Implications

7.1. The financial implications are included in sections 4 and 5 of the report. These cover the budget and period 5 monitoring position for the General Services and Housing Capital Programmes 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 the Executive Committee.

8. Climate Change, Sustainability and Environmental Implications

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

9. Other Implications

9.1. 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.

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

Executive Director (Finance and Corporate Resources)

27 August 2020

Link(s) to Council Values/Ambitions/Objectives

- Accountable, Effective, Efficient and Transparent

Previous References

- South Lanarkshire Council, 26 February 2020

List of Background Papers

Capital Ledger prints to 14 August 2020

Contact for Further Information

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

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List of Projects 2020/2021

Project Name	Original Budget 2020/2021	Budget Required 2020/2021	Movement
	£m	£m	£m
Community and Enterprise Resources			
Extension / Improvement of Cemeteries	1.903	0.185	1.718
Zero Waste Fund Projects	0.218	0.100	0.118
Craighead Pavilion & Stadium Upgrade	0.059	0.059	-
Springhall Urban Greenspace Development (Springhall Cage)	0.174	0.150	0.024
Country Parks – Horseshoe Bridge	0.200	0.010	0.190
Allotments	0.120	-	0.120
War Memorials (Strathaven Statue)	0.045	0.045	-
Bin Storage Areas	0.102	0.060	0.042
Play Parks	0.076	0.005	0.071
Cashless System	0.014	0.014	-
James Hamilton Heritage Park	0.015	0.015	-
Memorial Headstone Remedial Works	0.300	0.100	0.200
Replacement Workshop Facility	0.041	0.041	-
Larkhall Leisure Centre	0.500	-	0.500
Springhall Community Centre – Upgrade	0.229	0.293	(0.064)
Hamilton Mausoleum	0.475	-	0.475
Tom Craig Centre – Upgrade of Lesser Hall	0.118	0.118	-
Existing Synthetic & Grass Pitches	0.269	0.269	-
Upgrades to Community Infrastructure	0.086	0.062	0.024
Priority Repairs to Building Infrastructure	0.023	0.023	-
Crematorium Shelter	0.100	-	0.100
Other minor property works	0.222	0.051	0.171
Flare System	0.036	0.036	-
Abington Campus for Enterprise	0.483	0.483	-
Rural Development Centre, Lanark	0.800	-	0.800
East Kilbride Town Centre Masterplan	0.060	0.060	-
Town Centre Regeneration Fund	2.955	1.095	1.860
City Deal – CGA's	5.888	2.306	3.582
Vacant & Derelict Land	1.182	1.000	0.182
Clyde Gateway	0.819	-	0.819
Other Roads Infrastructure Programme	2.439	2.439	-
Cycling, Walking & Safer Streets	1.497	1.497	-
National Strategic Cycle Routes (NSCR)	0.114	0.175	(0.061)
Bridges	2.492	0.200	2.292
Roads Investment Programme	12.513	13.539*	(1.026)
Horsley Brae Contribution	0.400	0.400	-
Sustrans – Places for Everyone	0.064	0.274	(0.210)
Sustrans – School Cycle Parking	-	0.016	(0.016)
Sustrans – Spaces for People	-	1.200	(1.200)
Strategic Timber Transport Scheme	-	0.385	(0.385)
SPT	0.537	1.220	(0.683)
Transport Scotland – Clydesdale Transport Appraisal	0.025	0.082	(0.057)
HPIN Electric Vehicle Charging	0.500	0.486	0.014
Hamilton International Technology Park	0.139	0.139	-
Roads Depot – Salt Barn Improvements	0.645	-	0.645
Project Name	Original Budget 2020/2021	Budget Required 2020/2021	Inc / Dec) Movement

	£m	£m	£m
Community and Enterprise Resources (continued)			
City Deal – Roads projects	9.323	6.769	2.554
Total Community and Enterprise Resources	48.200	35.401	12.799

*Includes £1.5m contribution from Roads Revenue.

Project Name	Original Budget 2020/2021	Budget Required 2020/2021	Inc / Dec) Movement
	£m	£m	£m
Education Resources			
Accommodation Pressures	4.350	3.551	0.799
Growth and Capacities	1.356	0.605	0.751
City Deal – Education Projects	3.487	0.500	2.987
Early Years 1,140 Hours	20.614	12.880	7.734
Education ICT	4.605	3.500	1.105
Primary Schools Modernisation Programme	0.588	0.417	0.171
Total Education Resources	35.000	21.453	13.547
Finance and Corporate Resources			
IT Infrastructure Refresh	0.710	0.710	-
Oracle Upgrade	0.370	0.370	-
New Website / CRM / MDM / Customer Portal /Integration Tools	0.400	0.400	-
Digital Connectivity	0.355	0.355	-
Caird Data Centre	2.364	2.364	-
Climate Change / Digital Transformation Fund	1.000	0.500	0.500
Mobile Working	0.050	0.050	-
Total Finance and Corporate Resources	5.249	4.749	0.500

Project Name	Original Budget 2020/2021	Budget Required 2020/2021	Inc / Dec) Movement
	£m	£m	£m
Housing and Technical Resources			
Private Housing Scheme of Assistance	1.000	0.750	0.250
Prioritised Urgent Investment	2.654	2.225	0.429
Lifecycle Replacement Schools	0.750	0.562	0.188
Principal Offices – Fabric and Service Investment	0.640	0.480	0.160
Lock Up Areas – Housing Estates	0.200	-	0.200
Community Facilities Fund	0.100	0.025	0.075
Headquarters Fabric Upgrade	0.824	0.818	0.006
Council Offices – Brandon Gate	0.070	-	0.070
Planned Asset Management Programme	4.726	4.726	-
Gypsy Travellers Sites	0.080	0.080	-
Civic Centre Fabric Upgrade	0.753	0.753	-
CEEF Programme	0.670	0.246	0.424
Total Housing and Technical Resources	12.467	10.665	1.802
Social Work Resources			
Social Work Care Homes	5.417	0.744	4.673
Community Alarms	0.400	0.100	0.300
Total Social Work Resources	5.817	0.844	4.973
Total Resources	106.733	73.112	33.621
Additional Costs	-	7.891	(7.891)
Total 2020/2021 Capital Programme	106.733	81.003	25.730

Proposed Adjustments (Period 5)**Community and Enterprise Resources****Abington Play Area**

Approval is sought to increase the 2020/2021 Capital Programme by £0.136m to enable the redevelopment of Abington Play Area. This will be funded by contributions from Clyde Wind Farm (£0.068m) and the Education Resources Capital Programme (£0.068m), as part of the original play park was utilised when building the new primary school.

£0.136m
(£0.068m)

Carstairs Village Play Area

Approval is sought to increase the 2020/2021 Capital Programme by £0.096m to enable the redevelopment of Carstairs Village Play Area. This will be funded by contributions from the following sources:

£0.096m

- EB Scotland (£0.025m);
- Renewable Energy Fund (£0.031m);
- Levensseat (£0.029m)
- School Parent Teacher Association (£0.006m);
- Quarry Fund (£0.004m);
- Tesco Bags for Help (£0.001m)

Wooddean Park, Bothwell - Play Area

Approval is sought to increase the 2020/2021 Capital Programme by £0.222m to enable the redevelopment of the existing play area within Wooddean Park, Bothwell. This will be funded by contributions from the following sources:

£0.222m

- Land Trust (£0.040m)
- SUEZ grant award (£0.050m)
- Planning Gain (£0.132m)

Switched on Fleet

Approval is sought to increase the 2020/2021 Capital Programme by £0.090m to progress the installation of additional electric vehicle charging points. This will be funded by a grant from the Energy Saving Trust.

£0.090m

Cambuslang Park and Ride

An allocation of £0.400m has been set-aside as a contribution towards the North Lanarkshire Council led road improvement works at Horsley Brae. However, as this project will not be taken forward by North Lanarkshire Council at this time, approval is requested to transfer this allocation to allow works to progress on the Cambuslang Park and Ride project.

£0.400m
(£0.400m)

Education Resources

Digital Inclusion

Approval is sought to increase the 2020/2021 Capital Programme by £1.253m to reflect funding awarded from the Scottish Government. This funding will be utilised to equip children and young people experiencing digital exclusion with appropriate digital devices and internet connectivity to ensure they can continue to connect with their schools, teachers and learning.

£1.253m

Housing and Technical Resources

St Vincent Place, Lanark

The purchase of the currently leased Education Universal Connections at 13 St Vincent Place, Lanark was approved at the Housing and Technical Resources Committee on 5 February 2020. Approval is sought to increase the 2020/2021 Capital Programme by £0.223m to reflect this purchase. This will be funded from a previously received receipt.

£0.223m

Travelling People's Sites

Approval is sought to increase the 2020/2021 Capital Programme to reflect funding award from the Scottish Government, which will be used to support investment in Gypsy /Traveller sites. A range of works to improve the site including improved community facilities, heating and digital inclusion have been planned. These works must go beyond those required to meet minimum site and fire safety standards. Some of this allocation may be utilised through the Housing Investment Programme.

£0.133m

Minor Adjustments

£0.028m

TOTAL ADJUSTMENTS

£2.113m

APPENDIX 3

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2020/2021
GENERAL SERVICES PROGRAMME
FOR PERIOD 1 APRIL 2020 TO 14 AUGUST 2020

£m

Total Original Budget	81.003
Proposed Adjustments – Period 5	2.113
Total Revised Budget	83.116

<u>Resource</u>	<u>2020/2021 Budget</u>	<u>Period 5 Proposed Adjustments</u>	<u>Revised 2020/2021 Budget</u>
	£m	£m	£m
Community & Enterprise	35.401	0.554	35.955
Education	21.453	1.203	22.656
Finance & Corporate	4.749	-	4.749
Housing & Technical	10.665	0.356	11.021
Social Work	0.844	-	0.844
Total Resources Capital Programme	73.112	2.113	75.225
Additional Costs	7.091	-	7.091
Housing and Technical Resources – Additional Overheads	0.800	-	0.800
TOTAL CAPITAL PROGRAMME	81.003	2.113	83.116

APPENDIX 4

SOUTH LANARKSHIRE COUNCIL CAPITAL EXPENDITURE 2020/2021 GENERAL FUND PROGRAMME FOR PERIOD 1 APRIL 2020 TO 14 AUGUST 2020

	<u>2020/2021</u> <u>Original</u> <u>Budget</u> <u>(inc C/F)</u> £m	<u>2020/202</u> <u>1</u> <u>Revised</u> <u>Budget</u> £m	<u>2020/2021</u> <u>Budget to</u> <u>14/08/20</u> £m	<u>2020/2021</u> <u>Actual to</u> <u>14/08/20</u> £m
Expenditure				
General Fund Programme	81.003	83.116	11.399	11.399
Income				
	<u>2020/2021</u> <u>Original</u> <u>Budget</u> £m	<u>2020/202</u> <u>1</u> <u>Revised</u> <u>Budget</u> £m		<u>2020/2021</u> <u>Actual to</u> <u>14/08/20</u> £m
Prudential Borrowing	27.782	23.918		23.918
Developers Contributions	7.021	7.171		0.615
Partners (Including SPT, Sustrans, Blantyre Construction Ltd, Transport Scotland, and Renewable Energy Fund)	5.291	5.644		0.252
Scottish Government:				
- General Capital Grant	21.373	21.373		7.124
Scottish Government:				
- Cycling, Walking and Safer Streets	1.497	1.497		-
- Vacant and Derelict Land	1.000	1.000		0.485
- Early Years 1,140 Hours	12.829	12.829		12.829
- Regeneration Capital Grant	0.482	0.482		0.482
- Town Centre Regeneration Fund	1.095	1.095		1.095
- Travelling People's Sites	-	0.133		-
- Digital Inclusion	-	1.253		-
Glasgow City Region City Deal	-	4.057		-
Specific Reserves	1.133	1.133		1.133
Revenue Contribution	1.500	1.531		1.531
TOTAL FUNDING	81.003	83.116		49.464

APPENDIX 5

SOUTH LANARKSHIRE COUNCIL CAPITAL EXPENDITURE 2020/2021 HOUSING PROGRAMME FOR PERIOD 1 APRIL 2020 TO 14 AUGUST 2020

	<u>2020/2021</u> <u>Annual</u> <u>Budget</u> £m	<u>2020/2021</u> <u>Budget to</u> <u>14/08/20</u> £m	<u>2020/2021</u> <u>Actual to</u> <u>14/08/20</u> £m
EXPENDITURE			
2020/2021 Budget incl carry forward from 2019/20	48.172	8.989	8.991
	<u>2020/202</u> <u>1 Annual</u> <u>Budget</u> £m		<u>2020/202</u> <u>1 Actual</u> <u>to</u> <u>14/08/20</u> £m
INCOME			
Capital Funded from Current Revenue	18.134		8.991
Prudential Borrowing	9.994		-
Scottish Government Specific Grant:			
– New Build	18.124		-
– Open Market Purchase Scheme	1.800		-
– Mortgage to Rent	0.120		-
TOTAL FUNDING	48.172		8.991