

Report

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Report to:	Executive Committee
Date of Meeting:	27 June 2018
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Budget Monitoring Final Outturn – 2017/2018
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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 2018,
- ◆ Advise of the proportion of the programmes, expressed in financial terms, which have been carried forward as a financial commitment for year 2018/19.

2. Recommendation(s)

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

- (1) that the outturn on the 2017/18 General Services and Housing Capital Programmes (Section 5), be noted;
- (2) that the carry forward of projects from the 2017/18 Capital Programme into the 2018/19 Capital programme for General Services and Housing (sections 5.5. – 5.6. and 5.7. – 5.9. respectively), be approved.

3. Background

3.1. The General Services Capital Programme for 2017/18 totalled £78.242 million. This reflects the programme agreed by Executive Committee on 28 June 2017 and the subsequent amendments made through regular monitoring reports throughout 2017/18. It was reported to this Committee on 16 May 2018 that estimates from Housing and Technical Resources suggested an outturn of £59.142 million for 2017/18, an underspend of £19.100 million.

3.2. The Housing Capital Programme for 2017/18 totalled £40.581 million. This revised programme was approved by Executive Committee on 30 August 2017. An estimated outturn for the year of £36.860 million was reported to this Committee on 16 May 2018, an underspend of £3.721 million.

4. Employee Implications

4.1. None

5. Financial Implications

5.1. **General Services** Appendix 1 shows the total expenditure of £57.864 million on the General Fund capital programme for year 2017/18 along with the funding sources for this spend.

5.2. Some of the expenditure (£2.377 million) should be classified as Revenue spend for accounting purposes due to the nature of the spend, for example minor works and

approved spend on non Council assets (Clyde Gateway £1.6 million and Clyde and Avon Valley Landscape Partnership £0.638 million). Therefore, this has been removed and transferred to the Revenue Account (£2.377 million) along with the relevant funding. This expenditure/funding will be included in the final Revenue outturn position for 2017/18. This adjustment results in a reduced capital spend of £55.487 million, for accounting purposes.

- 5.3. The difference between the revised programme of £78.242 million and the full programme spend of £57.864 million is £20.378 million. This an additional underspend from the outturn reported on 16 May of £1.278 million and is mainly due to the timing of spend being less than anticipated in relation to the programme of works on Early Years 1,140 Hours (£0.765 million) and the Roads Improvement Programme (£0.348 million).
- 5.4. The main projects which make up the overall underspend of £20.378 million are detailed in Appendix 2. For all of these projects, the underspend reflects the expected timing of project spend and funding will carry forward into next financial year. Appendix 2 details the projects and their anticipated completion dates.
- 5.5. **Carry Forward to 2018/19:** Following the 2017/18 year-end, a carry forward exercise has been undertaken to ensure that sufficient budget is available to conclude ongoing projects within the General Fund Capital Programme. This exercise has now been finalised and a carry forward total of £20.593 million into financial year 2018/19 is required.
- 5.6. This carry forward figure of £20.593 million reflects the 2017/18 underspend of £20.378 million, adjusted to reflect the actual position of income received including additional income that increases the amount available for spend. The overall base programme for 2018/19 is noted in a separate report to this meeting.
- 5.7. **Housing Programme** Appendix 3 summarises actual expenditure of £36.925 million measured against a budget of £40.581 million on the Housing programme. This represents an underspend of £3.656 million reflecting the timing of spend in relation to the Urban Park Development of the former Blairbeth Golf Course site and the continued work of the Housing Investment Programme. This includes external works where programmes have been impacted due to extended periods of cold weather. This budget will be carried forward into 2018/19 to allow projects to be completed.
- 5.8. In terms of funding, the programme has benefited from one-off income of £2.204m which can help augment the overall programme. This includes additional income from council house sales, Scottish Government grant, additional developer contributions and Renewable Heat Initiative funding.
- 5.9. A base budget for 2018/19 of £44.935 million was approved by Committee on 28 February 2018. Taking into account the year-end position noted in 5.7. and 5.8. above, a net carry forward in 2018/19 of £5.860 million is required. The overall programme for 2018/19 will be noted in a separate report to this meeting.

6. Other Implications

- 6.1. 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 and the outturn report shows an underspend at financial year end.

7. Equality Impact Assessment and Consultation Arrangements

- 7.1 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.
- 7.2. 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)

4 June 2018

Link(s) to Council Values/Ambitions/Objectives

- Accountable, Effective, Efficient and Transparent

Previous References

- Executive Committee, 28 June 2017
- Executive Committee, 30 August 2017
- Executive Committee, 16 May 2018

List of Background Papers

- Capital ledger prints for the period 1 April 2017 to 31 March 2018

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 2017-2018
 GENERAL FUND PROGRAMME
 FOR PERIOD 1 APRIL 2017 TO 31 MARCH 2018

APPENDIX 1

EXPENDITURE

	2017-18 REVISED BUDGET	2017-18 ACTUAL to 31/03/18
	£m	£m
GENERAL FUND PROGRAMME (including adjustments agreed)	78.242	57.864
Less: Transfers to Revenue		<u>(2.377)</u>
2017/18 Final Outturn Position	<u>78.242</u>	<u>55.487</u>

INCOME

	Actual to 31/03/18 £m
Prudential Borrowing	11.933
Heritage Lottery/ SportsScotland Grant	0.236
Developers Contributions	2.645
Partners (Including Strathclyde Partnership for Transport, Sustrans and Scottish Environment Protection Agency)	1.973
Scottish Government:	
- Capital Grant	30.333
- Cycling, Walking and Safer Streets	0.433
- Vacant and Derelict Land	0.047
- Gaelic Education Hub	0.476
- Early Years 1,140 Hours	0.772
- Scotland's Energy Efficiency Programme (SEEP)	0.087
- Schools for the Future	2.492
Glasgow City Region City Deal	2.541
Specific Reserves	1.248
Capital Financed from Current Revenue	0.271
TOTAL INCOME	55.487

SOUTH LANARKSHIRE COUNCIL
 CAPITAL EXPENDITURE 2017-18
 GENERAL FUND PROGRAMME
 FOR PERIOD 1 APRIL 2017 TO 31 MARCH 2018

APPENDIX 2

Projects with Underspends in 2017/18	Completion Date
School Modernisation:	
St John's Primary School – classroom extension	12 September 2018
Hallside Primary School	25 May 2018 – Now Complete
Tinto Primary School	20 April 2018 - Now Complete
Crawforddyke Primary School – classroom extension	Review of requirements re extension and the implications of 1140 hours ongoing.
Underbank Primary School (includes additional funding from Scottish Futures Trust of £1.6m)	5 October 2018
St Patrick's Primary School	20 April 2018 - Now Complete
Walston Primary School (Includes additional funding from SFT of £1.4m)	29 March 2019
Crawford Primary School	4 May 2018 - Project complete
Education Other:	
Early Years 1,140 Hours	Options for delivery being considered. Funding will carry forward into 2018/19 to progress projects.
Other small underspends in Education programme	Funding will carry forward into 2018/19 to progress jobs.
Other Capital Projects :	
Vacant and Derelict Land – Shawfield and Glen Esk projects (£1.4m)	Approval for the Glen Esk project was only obtained from the Scottish Government in late November 2017. Works scheduled for completion by March 2019 (as per Local Delivery Plan).
City Deal – Community Growth Areas (£1.1m)	Projects will continue over the years of the City Deal programme.
Street Lighting Works (£1.9m)	Funding covers the whole capital programme timescale, so projects will continue through to 2019/20.
Roads Improvement Programme (£1.5m)	Multi-year programme of works. Underspend reflects projects not carried out across the 4 areas due to bad weather conditions. Will be carried forward into final year 2018/19.

SOUTH LANARKSHIRE COUNCIL
 CAPITAL EXPENDITURE 2017-18
 HOUSING PROGRAMME
 FOR PERIOD 1 APRIL 2017 TO 31 MARCH 2018

EXPENDITURE

2017-18 REVISED BUDGET	2017-18 ACTUAL to 31/03/18
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£m

£m

2017/18 Budget
 (including carry forward from 2016/17)

40.581**36.925****INCOME**

2017-18 Actual to 31/03/18 £m

House Sales

6.139

Land Sales

0.034

Capital Funded from Current Revenue

19.519

Prudential Borrowing

3.841

Specific Grant

5.929

Miscellaneous Income

1.463

Total Income**36.925**