



Report

Report to:	Executive Committee
Date of Meeting:	7 September 2011
Report by:	Chief Executive

Subject:	Capital Budget Monitoring 2011/2012
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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
- ◆ Advise Committee of the progress on the Capital Programme for the period 1 April 2011 to 5 August 2011.

2. Recommendation(s)

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

- (1) that the proposed adjustments to the General Fund Capital Programme highlighted in note 1 to appendix 1 be approved;
- (2) that the position of the General Fund Capital Programme itemised at Appendices 1 and 2, the Housing Capital Programme at Appendix 3 and the Hamilton Ahead Programme at Appendix 4 be noted;
- (2) that the revised content of the Housing Capital Programme as detailed in section 5.6. be noted; and
- (3) 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 5 August 2011. Spending has been split into three separate sections:

- ◆ General Fund Capital Programme including Education, Social Work, Roads and Transportation and General Services (including the former Fairer Scotland Fund Programme)
- ◆ Housing Capital Programme
- ◆ Hamilton Ahead.

4. Employee Implications

4.1. None

5. Financial Implications

5.1. The revised programme for the General Fund is £126.364m as shown in Appendix 1. This consists of the base budget plus carry forward projects and adjustments to the programme which are proposed in this report at Note 1 to Appendix 1.

- 5.2. The programme spend and funding for the General Fund is summarised in Appendix 2. The total capital spending programme for the year is £126.364m.

Budget for the period is £30.195m and spend to the 5 August 2011 is £31.647m (25.04%). This represents spend of £1.452m ahead of profile. This time last year £35.308m was spent, 22.47% of the programme.

- 5.3. Actual funding received to 5 August 2011 is £103.140m (81.62%).
- 5.4. Relevant officers will continue to closely monitor the generation of all income including receipts.

5.5. **Housing Programme**

Appendix 3 summarises the position on the Housing programme as at 5 August 2011. The revised capital programme for the year is £41.928m. This consists of the base budget plus carry forward projects.

Budget for the period is £6.416m and spend to 5 August 2011 amounts to £7.435m (17.73%). This time last year £11.289m was spent (27.87%).

Programmed funding for the year totals £41.928m, as at 5 August 2011 £7.435m had been received.

- 5.6. As noted in the recent Housing and Technical Resources Committee paper on the Housing Investment Programme (13 July 2011), due to the nature of some works, progress in their implementation has taken longer than anticipated. This is due to external factors and is particularly the case in a number of the major projects and in particular, the new build proposals. In order to minimise any effect that these delays will have on the Council's stock achieving the Scottish Housing Quality Standard by 2015, a supplementary works programme has been produced to accelerate projects which would need to be carried out before this deadline. These will be from unaffected work streams and would be managed within the overall budget for the current year, 2011/2012.

5.7. **Hamilton Ahead**

The current year programme for Hamilton Ahead is summarised at Appendix 4. The budgeted expenditure for 2011/12 totals £0.170m with £0.032m being spent by 5 August 2011.

Programmed funding for the year totals £0.170m, as at 5 August 2011 £0.053m had been received.

- 5.8. Relevant officials are working on all programmes in order to maximise expenditure and funding packages.

6. Other Implications

- 6.1. The main risk associated with the Council's Capital Programme is that there is a significant 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.

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.

Archibald Strang
Chief Executive

15 August 2011

Link(s) to Council Values/Improvement Themes/Objectives

- ◆ **Value:** Accountable, Effective and Efficient

Previous References

- ◆ Executive Committee, 6 July 2011

List of Background Papers

Capital Ledger prints to 5 August 2011

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 2011/12
GENERAL FUND PROGRAMME

APPENDIX 1

	£m
Revised Approved Programme (Executive Committee 10 February 2011)	22.261
Revised Primary Schools Modernisation Programme (Executive Committee 26 January 2011, including slippage from 2010/11 of £40.599m)	73.410
Previously Approved Roads Investment Programme (Executive Committee 30 April 2008)	12.750
Adjustments approved in 2010/11 (excluding Primary Schools Modernisation Programme slippage of £40.599m)	20.805
Carry Forward Adjustment from 2010/11 outturn	4.576
Previously Approved Adjustments in 2011/12	(5.165)
Proposed Adjustments (Note 1)	(2.090)
Minor Adjustments	(0.183)
Revised Programme including Carry Forward	126.364

<u>Resource</u>	<u>Approved 2011/12 Budget £000</u>	<u>Adjustments Approved in 2010/11</u>	<u>C/F From 2010/11 £000</u>	<u>Total Original 2011/12 Budget</u>	<u>Previously Approved Adjustments in 2011/12 £000</u>	<u>Period 5 Proposed / Minor Adjustments £000</u>	<u>Revised 2011/12 Budget Total £000</u>
Community	7.516	14.099	0.212	21.827	(0.829)	(3.928)	17.070
Education	34.211	41.658	1.607	77.476	(0.735)	0.493	77.234
Enterprise	19.069	1.910	0.517	21.496	1.458	1.011	23.965
Finance & IT	0	0.419	0.228	0.647	0.200	0.416	1.263
Housing & Technical	4.888	1.905	1.649	8.442	(4.081)	(0.315)	4.046
Social Work	1.010	1.413	0.363	2.786	(0.050)	0.050	2.786
Police Capital Grant	1.128	0.000	0.000	1.128	(1.128)	0.000	0.000
Total	67.822	61.404	4.576	133.802	(5.165)	(2.273)	126.364

Note 1 – Proposed Adjustments

Community Resources

Fernhill Integrated Facility

Approval is sought to allow slippage of £0.487m from the 2011/12 Capital Programme in line with the current expenditure profile for Fernhill Integrated Community Facility. (£0.487m)

Lanark Memorial Hall

Approval is sought to allow slippage of £0.601m from the 2011/12 Capital Programme in line with the current expenditure profile for Lanark Memorial Hall. (£0.601m)

Dollan Aqua Centre

Following a number of additional works being identified, the need for which became apparent when the project was underway, an overspend of £1.447m is anticipated at Dollan Aqua Centre. Funding has been identified through the Upgrades to Community Infrastructure project and approval is sought to transfer the budget to the Dollan Aqua Centre project line. It is then proposed that £0.327m be slipped into 2012/13 to reflect the profile of spend for the project. £1.447m (£1.447m) (£0.327m)

Upgrades to Community Infrastructure

Community Resources and South Lanarkshire Leisure and Culture have identified a programme of works to allow investment in a large number of existing facilities across South Lanarkshire. Due to the level of works anticipated this financial year, approval is sought to allow slippage of £2.501m from the 2011/12 Capital Programme as the full programme of works will not be completed this financial year. (£2.501m)

Enterprise Resources

Vacant and Derelict Land

The Scottish Government have awarded South Lanarkshire Council an allocation from the Vacant and Derelict Land Fund in 2011/12. Enterprise Resources have identified a number of priority projects in relation to Vacant and Derelict Land, which will be progressed over a two-year period. Approval is sought to increase the overall level of the programme by £0.779m to reflect the additional funding from the Government and the increased spend anticipated. It is then proposed that these monies be slipped into 2012/13 to reflect the profile of spend on the Vacant and Derelict Land programme. £0.779m (£0.779m)

Strathclyde Partnership for Transport – Additional Funding Received

Approval is sought to increase the 2011/12 Capital Programme by £0.460m to reflect additional funding received from Strathclyde Partnership for Transport for the following projects: £0.460m

National Cycle Route 74	£0.100m
Route Action Plans	£0.200m
Bus Infrastructure	£0.100m
Horsley Brae/Cornsilloch Roundabout	<u>£0.060m</u>
	£0.460m

Cambuslang Park

Additional funding of £0.551m has been secured from the Heritage Lottery Fund to enable works to progress at Cambuslang Park. Approval is sought to increase the 2011/12 Capital Programme by £0.551m to reflect the additional funding received. £0.551m

Salt Storage Facilities: Hawbank Depot and Carnwath Depot

In order to increase the level of salt supply available over the winter period, Enterprise Resources have proposed to extend the capacity of the existing salt storage facilities at both Hawbank Depot and Carnwath Depot. £0.571m (£0.571m)

Approval is sought to transfer £0.571m from the 2011/12 Enterprise Resources allocation for Flood Prevention to enable completion of the works:

Hawbank Depot	£0.321m
Carnwath Depot	<u>£0.250m</u>
	£0.571m

Finance and IT Resources

Upgrade to the Council's Financial Management and Human Resources Management Systems

Approval is sought to increase the Capital Programme to reflect anticipated expenditure on system upgrades for the corporate Financial Management and Human Resources Management Systems. £0.811m (£0.395m)

These planned upgrades require to be completed by November 2013 to avoid exposing the Council to the risk associated with the systems being unsupported in terms of legislative and statutory updates. The total cost of the project is £0.811m and funding, currently held in the Council's Information Technology Development Fund, would be released as follows:

2011/12 Capital Programme	£0.416m
2012/13 Capital Programme	<u>£0.395m</u>
	£0.811m

Central Energy Efficiency Fund

Approval is sought to introduce into the capital programme the next phase of allocations for Resources to undertake energy efficiency projects. The funding will be recouped from resultant savings within Resources' Revenue budgets and re-invested in future energy efficiency projects. This process has been ongoing since financial year 2005/06. £0.399m

The following allocations are required to enable delivery of the anticipated projects in 2011/12:

Community Resources (Leisure and Culture)	£0.076m
Education Resources	£0.493m
Housing and Technical Resources	£0.072m
Social Work Resources	<u>£0.050m</u>
	£0.691m

Although the anticipated spend totals £0.691m, the net increase to the programme is £0.399m as £0.292m was previously approved as part of the

current year Capital Programme. Approval is sought to increase the programme to reflect the additional expenditure anticipated which will be funded from the Central Energy Efficiency Fund (CEEF) Reserve.

Minor Adjustments (€0.183m)

Total Adjustments (€2.273m)

SOUTH LANARKSHIRE COUNCIL
 CAPITAL EXPENDITURE 2011-12
 GENERAL FUND PROGRAMME
 FOR PERIOD 1 APRIL 2011 TO 5 AUGUST 2011

APPENDIX 2

Expenditure	<u>2011/12</u> <u>Original</u> <u>Estimate</u> <u>inc C/F</u> £m	<u>2011/12</u> <u>Revised</u> <u>Budget</u> £m	<u>2011/12</u> <u>Budget</u> <u>to 05/08/11</u> £m	<u>2011/12</u> <u>Actual</u> <u>To</u> <u>05/08/11</u> £m
General Fund Programme	133.802	126.364	30.195	31.647

Income	<u>2011/12</u> <u>Original</u> <u>Budget</u> £m	<u>2011/12</u> <u>Revised</u> <u>Budget</u> £m	<u>2011/12</u> <u>Actual</u> <u>to 05/08/11</u> £m
Prudential Borrowing	77.391	73.507	73.507
Heritage Lottery/ SportsScotland Grant	0.199	0.800	0.000
European Regional Development Fund	0.651	1.271	0.143
Planning Gain	0.241	0.247	0.175
Partners (Including SPT, Historic Scotland, ADAT, Clyde Gateway URC, Rutherglen Common Good)	0.697	1.846	0.418
Scottish Government:			
- School Buildings Improvement Fund	6.000	6.000	0.000
- Capital Grant	15.958	16.634	8.034
- Countryside Ranger Service	0.016	0.016	0.000
- Private Sector Housing Grant	1.804	0.000	0.000
- Gypsy Travellers	0.080	0.080	0.000
- Zero Waste Fund	0.245	0.245	0.000
- Cycling, Walking and Safer Streets	0.476	0.476	0.030
- Vacant and Derelict Land Fund	0.000	1.558	0.000
Specific Reserves	0.350	1.843	1.843
Capital Receipts	11.117	11.737	8.886
Capital Financed from Current Revenue	0.000	0.247	0.247
Repairs and Renewals Fund	18.577	9.857	9.857
TOTAL FUNDING	133.802	126.364	103.140

SOUTH LANARKSHIRE COUNCIL
 CAPITAL EXPENDITURE 2011/12
 HOUSING PROGRAMME
 FOR PERIOD 1 APRIL 2011 TO 5 AUGUST 2011

APPENDIX 3

EXPENDITURE

	<u>2011/12</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2011/12</u> <u>Estimate</u> <u>to 05/08/11</u> <u>£m</u>	<u>2011/12</u> <u>Actual</u> <u>to 05/08/11</u> <u>£m</u>
2010/11 Carry Forward projects, plus new projects approved in 2011/12	41.928	6.416	7.435

INCOME

	<u>2011/12</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2011/12</u> <u>Actual</u> <u>to 05/08/11</u> <u>£m</u>
Capital Receipts – House Sales	4.455	1.146
Capital Receipts – Land Sales	1.000	1.084
Capital Funded from Current Revenue	11.155	5.024
Prudential Borrowing	24.770	0.000
Specific Grant	<u>0.548</u>	<u>0.181</u>
	41.928	7.435

SOUTH LANARKSHIRE COUNCIL
 CAPITAL EXPENDITURE 2011/12
 HAMILTON AHEAD
 FOR PERIOD 1 APRIL 2011 TO 5 AUGUST 2011

APPENDIX 4

	<u>2011/12</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2011/12</u> <u>Estimate</u> <u>to 05/08/11</u> <u>£m</u>	<u>2011/12</u> <u>Actual</u> <u>to 05/08/11</u> <u>£m</u>
EXPENDITURE			
2011-12 Programme	0.170	0.032	0.032
	<u>2011/12</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2011/12</u> <u>Estimate</u> <u>to 05/08/11</u> <u>£m</u>	<u>2011/12</u> <u>Actual</u> <u>to 05/08/11</u> <u>£m</u>
INCOME			
Capital Receipt	0.110	0.000	0.000
External Partner Income	<u>0.060</u>	<u>0.000</u>	<u>0.053</u>
	0.170	0.000	0.053