

Report

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Report to:	Executive Committee
Date of Meeting:	16 May 2018
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Budget Monitoring for Period 13 - 1 April 2017 to 2 March 2018
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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 2017/2018 Capital Programme including 2016/2017 carry forward and adjustments. It includes information on two programmes: The General Fund Programme and the Housing Investment Programme
- ◆ update the Executive Committee of progress on the Capital Programme for the period 1 April 2017 to 2 March 2018

2. Recommendation(s)

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

- (1) that the Period 13 position (ended 2 March 2018) of the General Fund Capital Programme itemised at Appendices 1 – 4 and the Housing Capital Programme at Appendix 5, be noted;
- (2) that the adjustments to the General Fund programme listed at Appendix 3, be approved; 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 2 March 2018. Spending has been split into two separate sections:

- ◆ General Fund Capital Programme including Education, Social Work, Roads and Transportation and General Services (Section 5.1)
- ◆ Housing Capital Programme (Section 5.2)

4. Employee Implications

4.1. None.

5. Financial Implications

5.1. General Fund

5.1.1. 2017/18 Budget

The budget agreed at Executive Committee on 28 March 2018 was £78.242 million. The programme has been updated to reflect the proposed additional funding

adjustment and change to funding adjustment listed in Appendix 3 however both of these updates are for the 2018/19 programme so there is no change to the 2017/18 budget which remains at £78.242 million.

5.1.2. 2017/18 Outturn

Current estimates from Housing and Technical Resources suggest a 2017/18 outturn of £59.142 million. This is an underspend of £19.100 million and the main reason for this relates to the Primary Schools' Modernisation Programme and Growth and Capacities Programmes (£8.8m) within Education Resources.

5.1.3. In addition, within Community and Enterprise Resources slippage is anticipated in a number of projects. For all of these projects this reflects the expected timing of project spend and funding will carry forward into next financial year. A list of these projects, along with their anticipated completion dates, is included in Appendix 1.

5.1.4. Period 13 Position

The programme spend and funding for the General Fund is summarised in Appendices 2 and 4. This totals £78.242 million for 2017/18.

5.1.5. Budget for the period is £58.301 million and spend to the 2 March 2018 is £48.599 million (62.11%). This represents expenditure of £9.702 million behind profile. This is mainly due to the reasons covered at 5.12 and 5.13 above.

5.1.6. As detailed in the last monitoring update report to this Committee (28 March 2018), Schools' projects are progressing in line with the completion dates agreed with Education Resources. The timing of receipt of external funding in relation to schools has also contributed to the requirement to carry funds forward.

5.1.7. Actual funding received to 2 March 2018 is £72.440 million (92.58%). Relevant officers will continue to closely monitor the generation of all income including receipts.

5.2. Housing Programme

5.2.1. Appendix 5 summarises the position on the Housing programme as at 2 March 2018. The revised capital programme for the year is £40.581 million. Programmed funding for the year totals £40.581 million.

5.2.2. 2017/18 Outturn

In terms of the Housing Capital Programme work has been ongoing to clarify the predicted spend position for this financial year and current estimates from Housing and Technical Resources suggest an outturn of £36.860 million. This is an underspend of £3.721 million and reflects the anticipated 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, including external works where programmes have been impacted due to the extended period of cold weather. Funding for these projects will also carry forward into next financial year.

5.2.3. Period 13 Position

Budget for the period is £30.333 million and spend to 2 March 2018 amounts to £29.247 million (72.07%). This represents expenditure of £1.086 million behind profile and reflects the timing of spend on Blairbeth Golf Course and the Housing Investment Programme.

5.2.4. As at 2 March 2018, £29.247 million of funding had been received.

5.2.5. 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.

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.

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)

11 April 2018

Link(s) to Council Values/Ambitions/Objectives

- Accountable, Effective, Efficient and Transparent

Previous References

- Executive Committee, 28 February 2018

List of Background Papers

Capital Ledger prints to 2 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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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
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
Other small underspends in Education programme	Funding will carry into 2018/19 to progress jobs including 1140 hours nursery.
Other Capital Projects :	
Vacant and Derelict Land – Shawfield and Glen Esk projects (£1.3m)	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 (£2m)	Funding covers the whole capital programme timescale, so projects will continue through to 2019/20.
Roads Improvement Programme (£1.2m)	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
 GENERAL FUND PROGRAMME
 FOR PERIOD 1 APRIL 2017 TO 2 MARCH 2018

APPENDIX 2

	£m	£m
Total 2017/18 Budget Approved (Council, 16 February 2017)		112.839
Net Slippage from Previous Years		8.649
Transfers to Revenue:		
- Private Housing Scheme of Assistance	(1.000)	
- Planned Maintenance	<u>(4.301)</u>	(5.301)
Carry Forward Adjustment from 2016/17 Outturn		0.039
Reduction in Primary School Modernisation Programme requirement		(5.500)
Reduction in Street Lighting requirement:		
- LED's	(2.395)	
- Columns	<u>(1.048)</u>	(3.443)
Reduction in Glasgow City Region City Deal requirement		(16.531)
Total Original 2017/18 Budget including Carry Forward		90.752
Previously Approved Adjustments		(12.510)
Proposed Adjustments		0.000
Total Revised Budget including Carry Forward		78.242

<u>Resource</u>	<u>Approved</u> <u>2017/18</u> <u>Budget</u> <u>£m</u>	<u>C/F</u> <u>From</u> <u>2016/17</u> <u>£m</u>	<u>Previous</u> <u>Year</u> <u>Adj'ments</u> <u>£m</u>	<u>Total</u> <u>Original</u> <u>2017/18</u> <u>Budget</u> <u>£m</u>	<u>Previous</u> <u>Period</u> <u>Approved</u> <u>Adj'ment</u> <u>£m</u>	<u>Period 13</u> <u>Proposed</u> <u>Adj'ments</u> <u>£m</u>	<u>Revised</u> <u>2017/18</u> <u>Budget</u> <u>£m</u>
Community & Enterprise	52.174	1.059	(16.404)	36.829	(5.979)	0.000	30.850
Education	40.349	(1.519)	(1.969)	36.861	3.556	0.000	40.417
Finance & Corporate	1.026	(0.102)	0.680	1.604	0.355	0.000	1.959
Housing & Technical	7.994	0.492	(4.433)	4.053	0.558	0.000	4.611
Social Work	11.296	0.109	0.000	11.405	(11.000)	0.000	0.405
Total	112.839	0.039	(22.126)	90.752	(12.510)	0.000	78.242

Proposed Adjustments**Community and Enterprise Resources****Rural Development Centre, Lanark**

As reported to the Community and Enterprise Resources Committee on 6 March 2018, funding of £0.800m was secured from the Scottish Government's Regeneration Capital Grant Fund (RCGF) to create a Rural Development Centre in Lanark. The works would encompass new business office accommodation and community benefits. In order to reflect the timescales for this project to commence on site, the 2018/19 Capital Programme will be increased by £0.800m.

£0.800m
(£0.800m)

Hamilton Community Growth Area - Highstonehall Road, Hamilton

Approval was granted at the Housing and Technical Resources Committee meeting on 7 March 2018 to dispose of the site at Highstonehall Road, Hamilton. Off-site road upgrades with associated works and site preparation of the Council's affordable housing area, were identified as potential areas for support and a bid of £1.600m has been included in the current Glasgow City Region City Deal Programme. This bid is subject to City Deal approval, with the Final Business Case due to be submitted to the Chief Executive's Group late summer 2018. Until this is agreed, and to allow the project to progress, approval is sought to fund these works in the interim from the capital receipt from the sale of the site. This affects funding only. The overall planned spend will not change.

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Minor Adjustments

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Total Adjustments

£0.000m

SOUTH LANARKSHIRE COUNCIL
 CAPITAL EXPENDITURE 2017/18
 GENERAL FUND PROGRAMME
 FOR PERIOD 1 APRIL 2017 TO 2 MARCH 2018

APPENDIX 4

Expenditure	<u>2017/18</u>	<u>2017/18</u>	<u>2017/18</u>	<u>2017/18</u>
	<u>Original</u> <u>Estimate inc</u> <u>C/F</u> £m	<u>2017/18</u> <u>Revised</u> <u>Budget</u> £m	<u>Budget to</u> <u>02/03/18</u> £m	<u>Actual to</u> <u>02/03/18</u> £m
General Fund Programme	90.752	78.242	58.301	48.599
Income	<u>2017/18</u> <u>Budget</u> £m	<u>2017/18</u> <u>Revised</u> <u>Budget</u> £m		<u>2017/18</u> <u>Actual</u> <u>To</u> <u>02/03/18</u> £m
Prudential Borrowing	53.461	33.389		33.389
Heritage Lottery / Sportscotland Grant	0.032	0.329		0.279
Developers Contributions	2.716	2.925		2.529
Partners (Including SPT, Sustrans, Viridor and Renewable Energy Fund)	0.808	3.115		1.480
Scottish Government:				
- Capital Grant	30.331	30.331		27.805
- Cycling, Walking and Safer Streets	0.433	0.433		0.000
- Vacant and Derelict Land	1.637	1.637		1.637
- Scotland's Energy Efficiency Programme (SEEP)	0.076	0.076		0.071
- Gaelic Education Hub	0.476	0.476		0.476
- Early Years 1,140 Hours	0.000	1.743		1.743
- Schools for the Future	0.000	2.492		1.734
Specific Reserves	0.511	1.026		1.026
Capital Receipts	0.000	0.000		0.000
Capital Financed from Current Revenue	0.271	0.271		0.271
TOTAL FUNDING	90.752	78.242		72.440

SOUTH LANARKSHIRE COUNCIL
 CAPITAL EXPENDITURE 2017/18
 HOUSING PROGRAMME
 FOR PERIOD 1 APRIL 2017 TO 2 MARCH 2018

APPENDIX 5

	<u>2017/18</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2017/18</u> <u>Revised</u> <u>Budget</u> <u>£m</u>	<u>2017/18</u> <u>Budget to</u> <u>02/03/18</u> <u>£m</u>	<u>2017/18</u> <u>Actual to</u> <u>02/03/18</u> <u>£m</u>
Expenditure				
2017/18 Budget incl carry forward from 2016/17	39.709	40.581	30.333	29.247
Income				
Capital Receipts – House Sales	5.872	5.872		6.138
Capital Receipts – Land Sales	0.000	0.000		0.063
Capital Funded from Current Revenue	18.997	19.520		19.520
Prudential Borrowing	9.890	9.890		2.153
Specific Grant				
- Scottish Government – New Council Houses	4.830	4.830		1.262
- Scottish Government – Mortgage to Rent	0.120	0.120		0.050
- Scottish Natural Heritage	0.000	0.349		0.000
- Home Energy Efficiency Programme (HEEP)	0.000	0.000		0.061
	39.709	40.581		29.247