



Report

Report to:	Executive Committee
Date of Meeting:	6 July 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 of the 2011/12 Capital Programme. It includes information on the following three capital programmes:
 - General Fund (including Education, Social Work, Roads & Transportation and General Services)
 - Housing
 - Hamilton Ahead
- ◆ advise Committee of the progress on the Capital Programme for the period 1 April 2011 to 10 June 2011.

2. Recommendation(s)

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

- (1) that the budget for the General Fund Programme, Housing Programme and Hamilton Ahead for the year 2011/12 as outlined in this report be noted;
- (2) that the ongoing monitoring and reporting arrangements for all of the Council's Capital Programmes for 2011/12 be noted; and
- (3) 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.

3. Background

- 3.1. Approval for the 2011/12 General Fund Capital Programme was granted at the Executive Committee on 10 February 2011, approving projects totalling £22.261m.
- 3.2. A report was presented to Committee on 26 January 2011 advising of a revised Primary Schools Modernisation Programme. An allocation of £73.410m is required in 2011/12, which includes slippage from 2010/11 of £40.599m.
- 3.3. In relation to the Roads and Rural Investment Plan, the spend profile for the long term programme of works was approved at the Executive Committee on 30 April 2008. An allocation of £12.750m was approved for 2011/12.
- 3.4. Further adjustments to the programme were approved by Committee throughout 2010/11, resulting in net slippage of £20.805m into 2011/12, excluding the Primary Schools Modernisation Programme slippage noted above.

- 3.5. Based on the current 2010/11 year end outturn position, which is provided in a separate report to the Executive Committee, the financial effect of the 2010/11 General Fund outturn is that projects with an estimated spend of £4.576m have been carried forward to the new year 2011/12, in addition to the net slippage of £20.805m noted at 3.4 above.
- 3.6. Finally, taking into account the approved adjustments noted in 3.2 – 3.4, the revised General Fund programme for 2011/12 is £133.802m.
- 3.7. The revised 2011/12 programme of £133.802m includes allocations for Police Capital Grant (£1.128m) and the Private Housing Scheme of Assistance (£2.034m). However, as this expenditure cannot be classified as capital, approval is sought to monitor both allocations through the 2011/12 Revenue Programme. This is detailed in Note 1 to Appendix 1.

4. Employee Implications

- 4.1. None

5. Financial Implications

5.1. General Fund

5.1.1. 2011/12 Budget

In the first three months of financial year 2011/12, amendments to the Capital Programme have been proposed by Resources totalling a net decrease of £5.165m. These have been included in this report at Note 1 to Appendix 1. If these proposals are approved, the total capital spending programme for the year will be £128.637m. This is detailed across Resources in Appendix 1.

- 5.1.2. The programme spend and funding for the General Fund is summarised in Appendix 2. Total funding of £128.637m is available in year.

5.1.3. 2011/12 Monitoring

Budget for the period is £11.219m and spend to the 10 June 2011 is £12.209m (9.49%). This represents spend of £0.990m ahead of profile. This time last year £15.726m was spent, 9.64% of the programme.

Actual funding received to 10 June 2011 is £101.978m (79.28%).

5.2. Housing Programme

5.2.1 2011/12 Budget

The Housing Capital Programme for 2011/12 totals £41.928m and is detailed along with the funding sources at Appendix 3 to this report. This budget was approved by Executive Committee on 10 February 2011.

Programmed funding for the year totals £41.928m.

5.2.2 2011/12 Monitoring

Appendix 3 summarises the position on the Housing programme as at 10 June 2011. Budget for the period is £2.095m and spend to 10 June 2011 amounts to £2.645m (6.3%). This time last year £4.813m was spent (11.88%).

Programmed funding for the year totals £41.928m, as at 10 June 2011 £2.645m had been received.

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 the Executive Committee.

5.3. Hamilton Ahead

5.3.1 2011/12 Budget

The current year programme for Hamilton Ahead is summarised at Appendix 4. The budgeted expenditure for 2011/12 totals £0.170m and was submitted to Executive Committee on 8 June 2011 for approval. This will be funded from capital receipts and additional external income anticipated.

5.3.2 2011/12 Monitoring

The budgeted expenditure for 2011/12 totals £0.170m with £0.031m being spent by 10 June 2011.

Programmed funding for the year totals £0.170m, as at 10 June 2011 £0.053m had been received.

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

17 June 2011

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

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

Previous References

- ◆ Executive Committee, 30 April 2008
- ◆ Executive Committee, 26 January 2011
- ◆ Executive Committee, 10 February 2011

List of Background Papers

Capital Ledger prints to 10 June 2011

Contact for Further Information

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

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APPENDIX 1

**SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2011/12
GENERAL FUND PROGRAMME**

	£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
Proposed Adjustments (Note 1)	(5.496)
Minor Adjustments	0.331
Revised Programme including Carry Forward	128.637

<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 3 Proposed / Minor Adjustments £000</u>	<u>Revised 2011/12 Budget Total £000</u>
Community	7.516	14.099	0.212	21.827	0.000	(0.829)	20.998
Education	34.211	41.658	1.607	77.476	0.000	(0.735)	76.741
Enterprise	19.069	1.910	0.517	21.496	0.000	1.458	22.954
Finance & IT	0	0.419	0.228	0.647	0.000	0.200	0.847
Housing & Tech	4.888	1.905	1.649	8.442	0.000	(4.081)	4.361
Social Work	1.010	1.413	0.363	2.786	0.000	(0.050)	2.736
Police Capital Grant	1.128	0.000	0.000	1.128	0.000	(1.128)	0.000
Total	67.822	61.404	4.576	133.802	0.000	(5.165)	128.637

Note 1 – Proposed Adjustments

Community Resources

Fernhill Integrated Community Facility

Approval is sought to amend the 2011/12 Capital allocation for Fernhill Integrated Community Facility to reflect the overall programme of works. The following adjustments are required: £0.347m

Housing and Technical Resources' contribution towards on site road works (£0.131m) and drainage works (£0.059m) £0.190m

Enterprise Resources contribution from the Vacant and Derelict Land Fund £0.307m

Savings as a result of a competitive tender return (£0.150m)
£0.347m

Further to this, approval is sought to allow slippage of £0.103m from the 2011/12 Capital Programme in line with the revised timescale for completion of the project. (£0.103m)

Fixed Play Area Decommissioning

Following the Review of Fixed Play Areas, £0.100m is required for the decommissioning of play areas throughout South Lanarkshire. It is proposed that this be funded from the 2011/12 allocation for Upgrades to Community Infrastructure. £0.100m
(£0.100m)

Lanark Memorial Hall

Approval is sought to allow slippage of £0.490m from the 2011/12 Capital Programme in line with the revised timescale for completion of the project. (£0.490m)

Stonehouse Integrated Community Facility

Approval is sought to allow slippage of £0.660m from the 2011/12 Capital Programme in line with the revised timescale for completion of the project. (£0.660m)

Larkhall Leisure Centre – Filtration Works

Following an initial survey, filtration works totalling £0.125m are required at Larkhall Leisure Centre. It is proposed that this be funded from the 2011/12 allocation for Upgrades to Community Infrastructure. £0.125m
(£0.125m)

Parks Infrastructure

Following a review of the condition of a number of parks within South Lanarkshire, £0.200m is required in 2011/12 to carry out upgrading works. This will include the upgrading of footpaths and railings, and the upgrade of boundary walls. It is proposed that this be funded from the 2011/12 allocation for Upgrades to Community Infrastructure. £0.200m
(£0.200m)

Cemetery Infrastructure

An allocation of £0.300m is required in 2011/12 to carry out upgrading works to the current cemetery infrastructure, including pathways and perimeter fencing across a number of cemeteries. It is proposed that this be funded from the 2011/12 allocation for Upgrades to Community Infrastructure. £0.300m
(£0.300m)

Property Infrastructure

Community Resources have advised that £0.185m is required in 2011/12 to £0.185m

carry out works to the Resources' current property infrastructure, including the demolition of the bothy at East Kilbride Cemetery and demolition works at Forrest Street, Blantyre. It is proposed that this be funded from the 2011/12 allocation for Upgrades to Community Infrastructure. (£0.185m)

Education Resources

ICT Solutions for Learning Environment

Approval is sought to allow slippage of £0.735m from the 2011/12 Capital Programme in order to realign the allocation for ICT Development to reflect anticipated expenditure for the year. (£0.735m)

Enterprise Resources

Small Business Property Infrastructure Development

Additional ERDF funding of £0.425m has been secured to contribute towards works at Argyle Crescent, Hamilton and Dunedin Road, Larkhall. £1.050m

Furthermore, capital receipts secured from the sale of the following assets have been earmarked to enable further works to be carried out at the following sites:

Yard 6, Allanshaw Industrial Estate	£0.090m
18/20 Quarry Street, Hamilton	£0.100m
Yard 9b, Allanshaw Industrial Estate	£0.210m
Site 5, Hornal Road, Uddingston	<u>£0.225m</u>
	£0.625m

Approval is sought to increase the 2011/12 Capital Programme by £1.050m to reflect this additional income.

Rural Investment Plan

Approval is sought to allow slippage of £0.257m from the 2011/12 allocation for the Rural Investment Plan as the current programme of works will be completed over a two year period. (£0.257m)

Clyde Gateway

Approval is sought to allow slippage of £0.511m from the 2011/12 allocation for Clyde Gateway as the current programme of works will be completed over a two year period. (£0.511m)

Rural Business Space

Additional ERDF funding of £0.195m has been secured to contribute towards works at Lindsaylands Road, Biggar. Approval is sought to increase the 2011/12 Capital Programme to reflect this. £0.195m

Roads and Transportation Refurbishment

In order to carry out a variety of projects including bridge strengthening works, upgrading of parapets and traffic signal upgrades, funding of £0.515m is required. It is proposed that this be funded from the 2011/12 allocation for the Roads Investment Plan. £0.515m (£0.515m)

Hamilton International Technology Park

Expenditure of £1.575m is anticipated in 2011/12 in relation to road improvements associated with the Hamilton International Technology Park. It is proposed that this be funded as follows: £1.575m (£0.575m)

Contribution from the Roads Investment Plan	£0.575m
Transfer from Reserves	£0.813m
Contribution from 2011/12 Enterprise Resources	
Revenue Budget	<u>£0.187m</u>
	£1.575m

This will result in a net increase of £1.000m to the 2011/12 Capital Programme.

Finance and IT Resources

IT Network Development and Communications

Approval is sought to increase the 2011/12 Capital Programme by £0.150m to enable investment in the corporate network. This will include the replacement / upgrade of key networking systems that are at or near end of manufacturer support. This will be funded by a contribution from the IT Development Fund. £0.150m

Caird Data Centre

Initial investigatory works are required to provide estimated costs for the replacement of air conditioning units in phases 1 and 2 of the Caird Data Centre. Approval is sought to increase the 2011/12 Capital Programme by £0.050m to allow the initial survey works to be undertaken. This will be funded by a contribution from the IT Development Fund. £0.050m

Housing and Technical Resources

Private Housing Scheme of Assistance

A review of the 2011/12 budget requirements for the Private Housing Scheme of Assistance programme has been undertaken which has identified a saving of £0.873m. Housing and Technical Resources have proposed that £0.676m be reinvested in a number of upgrading projects within council properties, including the following: (£0.873m)
£0.676m

South Vennel Boundary Wall	£0.070m
Larkhall Housing Office	£0.150m
HQ Air Conditioning Units	£0.131m
Carluk Q&A relocation	£0.050m
EK Civic Centre Upgrades	£0.050m
Principal Offices Security Improvements	£0.050m
Steam Distribution System – Trap Replacement	<u>£0.175m</u>
	£0.676m

It is proposed that the remaining balance be recognised as a saving to the programme.

Private Housing Scheme of Assistance

As expenditure in relation to the Private Housing Scheme of Assistance cannot be classified as capital, approval is sought to monitor the remaining allocation as part of the 2011/12 Housing and Technical Resources Revenue Programme. (£2.034m)

Office Accommodation

Following a revised programme of works being identified in relation to the HQ Major Maintenance Upgrade, approval is sought to allow slippage of £1.213m from the 2011/12 Capital Programme. This is due to the re-phasing of various works including drainage, steam distribution and works to the main switchboard. (£1.213m)

Major Maintenance

Planned office refurbishment works are unlikely to commence this financial year. Approval is sought to allow slippage of £0.300m from the 2011/12 Capital Programme which will enable these works to be completed next financial year. (€0.300m)

HQ Voltage Optimiser

As a consequence of the revised programme of works identified in relation to the HQ Major Maintenance Upgrade, this project is unlikely to commence until 2012/13. Approval is sought to allow slippage of €0.275m from the 2011/12 Capital Programme to enable these works to be completed next financial year. (€0.275m)

Sundry Debtors System Replacement

Approval is sought to allow slippage of €0.335m from the 2011/12 Capital Programme as works are unlikely to commence this financial year. (€0.335m)

Larkhall Housing Office

In a separate report to this Committee, Housing and Technical Resources have advised of proposals to upgrade Larkhall Housing Office to provide accommodation for a local Integrated Facility. In order for the works to progress, the following contributions are required: £0.273m (€0.273m)

Community Resources (contribution towards Library Provision)	€0.023m
Enterprise Resources (office refurbishment)	<u>€0.250m</u>
	€0.273m

Approval is sought to transfer €0.023m from the Community Resources 2011/12 Capital Programme (from the Upgrades to Community Infrastructure programme) and €0.250m from the Enterprise Resources 2011/12 Capital Programme (from the Town and Village Centres – Larkhall and Peacock Cross projects) to enable the works to be undertaken.

Social Work Resources

David Walker House

It is unlikely that the full allocation awarded for IT costs will be required for this project. Approval is sought to reduce the budget for David Walker House by €0.100m, with €0.050m being recognised as a saving to the programme and the remaining €0.050m being used for the purchase of furniture and equipment for other Homes for the Elderly throughout South Lanarkshire. (€0.100m) €0.050m

Police Capital Grant

As the contribution to be made in relation to the Police Capital Grant cannot be classified as capital expenditure, approval is sought to monitor this as part of the 2011/12 Revenue Programme under Payments to Joint Boards. (€1.128m)

Minor Adjustments

€0.331m

Total Adjustments

(€5.165m)

SOUTH LANARKSHIRE COUNCIL

APPENDIX 2

CAPITAL EXPENDITURE 2011-12
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2011 TO 10 JUNE 2011

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 10/06/11</u> £m	<u>2011/12</u> <u>Actual</u> <u>To</u> <u>10/06/11</u> £m
General Fund Programme	133.802	128.637	11.219	12.209

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 10/06/11</u> £m
Prudential Borrowing	77.391	77.134	77.134
Heritage Lottery/ SportsScotland Grant	0.199	0.249	0.000
European Regional Development Fund	0.651	1.271	0.000
Planning Gain	0.241	0.270	0.198
Partners (Including SPT, Historic Scotland, ADAT, Clyde Gateway URC, Rutherglen Common Good)	0.697	1.386	0.150
Scottish Government:			
- School Buildings Improvement Fund	6.000	6.000	0.000
- Capital Grant	15.958	16.634	4.017
- 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	0.000
Specific Reserves	0.350	1.028	1.028
Capital Receipts	11.117	11.742	7.345
Capital Financed from Current Revenue	0.000	0.247	0.247
Repairs and Renewals Fund	18.577	11.859	11.859
TOTAL FUNDING	133.802	128.637	101.978

SOUTH LANARKSHIRE COUNCIL

APPENDIX 3

CAPITAL EXPENDITURE 2011/12
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2011 TO 10 JUNE 2011**EXPENDITURE**

	<u>2011/12</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2011/12</u> <u>Estimate</u> <u>to 10/06/11</u> <u>£m</u>	<u>2011/12</u> <u>Actual</u> <u>to 10/06/11</u> <u>£m</u>
2010/11 Carry Forward projects, plus new projects approved in 2011/12	41.928	2.095	2.645

INCOME

	<u>2011/12</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2011/12</u> <u>Actual</u> <u>to 10/06/11</u> <u>£m</u>
Capital Receipts – House Sales	4.455	0.730
Capital Receipts – Land Sales	1.000	1.773
Capital Funded from Current Revenue	11.155	0.067
Prudential Borrowing	24.770	0.000
Specific Grant	0.548	0.075

SOUTH LANARKSHIRE COUNCIL

APPENDIX 4

CAPITAL EXPENDITURE 2011/12
HAMILTON AHEAD
FOR PERIOD 1 APRIL 2011 TO 10 JUNE 2011

	<u>2011/12</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2011/12</u> <u>Estimate</u> <u>to 10/06/11</u> <u>£m</u>	<u>2011/12</u> <u>Actual</u> <u>to 10/06/11</u> <u>£m</u>
EXPENDITURE			
2011-12 Programme	0.170	0.031	0.031
	<u>2011/12</u> <u>Annual</u> <u>Budget</u> <u>£m</u>	<u>2011/12</u> <u>Estimate</u> <u>to 10/06/11</u> <u>£m</u>	<u>2011/12</u> <u>Actual</u> <u>to 10/06/11</u> <u>£m</u>
INCOME			
Capital Receipt	0.110	0.000	0.000
External Partner Income	0.060	0.000	0.053