

Report

Report to:	Executive Committee
Date of Meeting:	28 April 2021
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Programme 2020/2021 – Monitoring for Period 12 – 1 April 2020 to 26 February 2021
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update the Executive Committee of progress on the General Fund Capital Programme and the Housing Capital Programme for the period 1 April 2020 to 26 February 2021.

2. Recommendation(s)

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

- (1) that the Period 12 position (ended 26 February 2021) of the General Fund Capital Programme itemised at Appendices 1 to 4 and the Housing Capital Programme at Appendix 5, be noted;
- (2) that the adjustment to the 2021/2022 General Fund programme listed at Appendix 1, be approved;
- (3) that the projected outturn of £63.1 million for the General Fund Capital Programme, detailed at section 4.6. be noted;
- (4) that the projected outturn of £48.172 million for the Housing Capital Programme, detailed at section 5.2. be noted;
- (5) that approval be given for the £7.891 million of capital funding no longer required for Covid-19 to be allocated as proposed in section 6.7 and to be included in the 2021/2022 update report which will be brought back to this Committee in June 2021 (Section 6); and
- (6) 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 26 February 2021. Spending has been split into two separate sections:

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

4. Financial Implications

4.1. General Fund Capital Programme – 2020/2021 Budget

The revised budget agreed at Executive Committee on 10 March 2021 was £80.648 million. This includes budget for Covid-19 of £7.891 million. There are no new adjustments proposed to the 2020/21 budget of £80.648 million however, Resources have presented proposals for projects which they wish to progress early in financial year 2021/2022. A list of these proposed adjustments is included in Appendix 1. If agreed, these adjustments will increase the 2021/2022 Capital Programme by £0.122 million.

4.2. 2020/21 Outturn: As at 26 February 2021, work was ongoing to clarify the predicted spend position for the General Services Capital Programme for the remainder of this financial year. This has been broken down into two specific elements: the costs associated with Covid-19 which are detailed in sections 4.3 and 4.7, and the Resource position (excluding the costs of Covid-19) detailed in sections 4.8 to 4.15. In summary, excluding the cost of Covid-19, it is expected that there will be a Resource underspend of £9.7 million linked to the anticipated timing of project spend. The year-end position is currently being finalised and this will be reported to Committee in June 2021. It is anticipated that the ongoing implications of COVID-19 will continue to have an impact on the level of capital spend in the year-end outturn position and potentially into the next financial year.

4.3. Covid Costs: As previously reported, the Council's capital programme currently includes an element of budget for capital costs associated with Covid-19, estimated at £7.891 million.

4.4. It was previously advised that a change to the approach may be considered which would be to use Revenue funding instead of Capital to cover these additional capital costs. This would reduce the burden on the Council's Capital programme. As additional funding has been received by the Council, it has been proposed in the Revenue report that these monies are used to pay for the additional costs currently anticipated to be met by the capital programme (section 6.4 of the Revenue Outturn report). This will free up the overall capital budget set aside for COVID (£7.891 million).

4.5. As a result, the full £7.891 million of funding available for Covid-19 costs within the Capital Programme, can now be allocated to other projects. This funding available will be considered as part of the update to the Capital Programme for 2021/2022 which will be brought back to this Committee in late June 2021 (see section 6).

4.6. Resources' Position: Removing the budget and costs associated with Covid-19, the current estimates from Housing and Technical Resources suggest an outturn of £63.1 million. Against the budget of £72.757 million (excluding the budget of £7.891 million for Covid-19 per section 4.3), this outturn means an underspend across Resources of £9.7 million and relates mainly to projects within Community and Enterprise Resources (£4.8 million), Education Resources (£2 million), Housing and Technical resources (£2 million), Finance and Corporate Resources (£0.7 million) and Social Work Resources (£0.2 million).

4.7. As reported to this Committee previously, the majority of the total £9.7 million outturn variance is due to the timing of spend, resulting in budget required in 2021/22 rather than 2020/21. The progression of a number of projects has been impacted by the ongoing lockdowns due to Covid-19.

- 4.8. These underspends have been partially offset by a few project overspends predicted this financial year. Again, this is a timing issue only with funding for the overall spend on these projects already identified. This includes an additional £0.8 million spend now projected for the Education ICT Programme.
- 4.9. A list of the main projects which are responsible for the underspend of £9.7 million and which will now complete in 2021/22 is included in Appendix 4, along with their anticipated completion dates.
- 4.10. The outturn of £63.1 million is a decrease of £2.6 million compared to the position reported to this Committee at period 11 (£65.7 million). The decrease in outturn mainly reflects revised project timescales on a number of new projects identified for the first time this period (see section 4.11) as well as movements in the outturns for those projects which have been identified previously (section 4.12).
- 4.11. The new projects which have seen their outturns reduce for the first time this period total £1.080 million and include: contractor issues in sourcing poles and signage which has resulted in expenditure on Cycling, Walking and Safer Routes falling into 2021/2022 (£0.500m); the timing of spend in relation to the completed Rooftop Nursery project (£0.250m); and Digital Connectivity (£0.040m), Mobile Working (£0.040m) and Essential Services Fabric Upgrade (£0.250m) where spend will now fall into 2021/2022.
- 4.12. For those projects which have previously been highlighted to this Committee as contributing to the outturn underspend this financial year, further spend reductions totalling £2.170 million have now been identified. These existing projects include Roads Investment Programme (£0.500m), works associated with Sustrans funded projects (£0.800m), IT Infrastructure (£0.220m), Prioritised Urgent Investment (£0.150m), Civic Centre Fabric Upgrade (£0.050m) and the Central Energy Efficiency Fund (£0.050m). Finally, the works have now commenced on site at Cambuslang Park and Ride and a more detailed spend profile has now been received. As a result, it is expected that £1m will be spent in 2020/21, a reduction of £0.400m from last period. SPT funding of £1 million has now been confirmed for this project and this will be utilised in the first instance with the Council's contribution carried forward.
- 4.13. These reductions have been offset by an additional £0.700 million spend now projected for Education ICT Programme this financial year (see section 4.8).
- 4.14. Appendix 4 provides a list of the main projects which are responsible for the total underspend of £9.7 million, and which will now progress in 2021/22. Their anticipated completion dates are also included in this Appendix.
- 4.15. **General Fund – Period 12 Position:** The programme spend and funding for the General Fund is summarised in Appendices 2 and 3. As noted in 4.1, the total capital spending programme for the year is £80.648 million.
- 4.16. Spend to the 26 February 2021 is £49.278 million.
- 4.17. **Capital Funding:** Capital Funding for financial year 2020/21 also totals £80.648 million.
- 4.18. In the last few weeks, the Scottish Government have been able to advance Glasgow City Region City Deal grant funding of £65 million. This will be deducted equally

from the grant allocations expected in 2023/24 and 2024/25. For South Lanarkshire Council, this has resulted in an additional £12.925 million of grant funding in 2020/21, bringing the total City Deal grant for the year to £18.110 million. This has been allocated based on our total City Deal spend to date (including previous financial years).

4.19. Actual funding received to 26 February 2021 is £52.836 million.

4.20. Relevant officers will continue to closely monitor the generation of all income including receipts.

5. Housing Investment Programme – 2020/21 Budget:

5.1. The revised capital programme for the year is £48.172 million, as approved by the Executive Committee on 23 September 2020 and shown in Appendix 5. Programmed funding for the year also totals £48.172 million. There are no new adjustments proposed in this report.

5.2. **2020/21 Outturn:** In terms of the Housing Capital Programme, current estimates from Housing and Technical Resources suggest an outturn of £48.172 million.

5.3. **Housing Investment Programme – Period 12 Position:** Budget for the period is £36.599 million and spend to 26 February 2021 amounts to £36.015 million.

5.4. As at 26 February 2021, £36.015 million of funding had been received.

5.5. 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.

6. 2021/2022 Capital Programme

6.1. While there is an agreed Capital Programme for financial year 2021/2022 (November 2020), there are number of items which will impact on the programme as it currently stands. These are taken in turn.

6.2. **Local Government Finance Settlement and 2021/2022 Scottish Budget:** As advised previously, the Draft Scottish Budget was published on 28 January. For the Council, this meant an additional General Capital Grant allocation of £0.180 million for 2021/2022.

6.3. On 16 February 2021, the Cabinet Secretary made a subsequent announcement which saw an additional national capital allocation of £82 million for Town Centres and Bridges. Then, as the draft Scottish Budget made its way through the Stages of the Parliamentary approval process, further announcements were made regarding a national allocation of £40m of Capital funding for green recovery (10 March 2021). This comprises national allocations of £15 million for active travel, £10 million for energy efficiency, £10m for biodiversity (grants for a wider range of projects) and £5 million to support emissions reduction in the agriculture sector.

6.4. However, it was also advised that in order to provide these green recovery monies in 2021/2022, the capital allocations announced on 16 February for both Town Centres and Bridges will have to be reprofiled. Instead of the full £82 million being provided in 2021/2022 (previously announced £50 million and £32 million respectively), these funds will now be spread over 2 financial years to facilitate the £40m for 2021/2022 announced at Stage 2 for green recovery.

- 6.5. Once confirmed, any additional monies will have an impact on the Council's funding for 2021/2022.
- 6.6. **Additional COVID Funding:** As noted in section 4.4, the Council is receiving further Scottish Government funding for the costs of Covid-19. In the separate Revenue Budget Monitoring report to this meeting, it is proposed that these funds are used to support the budgeted £7.891 million for Covid-19 costs within the Capital Programme. This will free up capital funding and a decision can be taken on how this is used. In making that decision, it is suggested that consideration is given to ongoing projects and programmes of work.
- 6.7. With this in mind, it is proposed that the £7.891m of Covid-19 budget released could be spent on:
- Larkhall Leisure Centre: There is already money in the programme for design works and supporting this project with an allocation of £6.000 million would augment the £3.000 million city deal funding available.
 - Digital Transformation: the balance of funding could contribute towards supporting the Council's Digital Transformation projects (£1.891 million).
- 6.8. In the case of Larkhall Leisure centre, the proposal above would present an overall package of funding of £9 million. Members will be aware, there is an ongoing review by a Cross Party Working Group (CPWG) on SLLC, which will set the future strategic direction for SLLC and this will influence the type of leisure services and facilities going forward that SLLC will manage and operate on behalf of the Council. The work of the CPWG is ongoing and it is anticipated that it will conclude its work in the coming months and report to Committee prior to the Summer recess.
- 6.9. It is, therefore, appropriate given the availability of capital funding that, pending the outcome of the CPWG finalising and being reported to Committee, some of this capital funding be earmarked to support the outcome from the CPWG in particular Larkhall Leisure Centre.
- 6.10. It is proposed that an update paper on 2021/2022 which would include details of both projects, and the carry forward from 2020/2021, will be brought to the Executive Committee for consideration in June 2021, with a base position for 2022/2023 being identified later in the year.

7. Employee Implications

- 7.1. There are no employee implications as a result of this report.

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)

12 April 2021

Link(s) to Council Values/Ambitions/Objectives

- Accountable, Effective, Efficient and Transparent

Previous References

- Executive Committee, 23 September 2020
- Executive Committee, 10 March 2021

List of Background Papers

Capital Ledger prints to 26 February 2021

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 2020/21
GENERAL SERVICES PROGRAMME
FOR PERIOD 1 APRIL 2020 TO 26 FEBRUARY 2021

Proposed Adjustments

Community and Enterprise Resources

Langlands Moss Boardwalk – 2021/2022

In order to commence works in early May 2021, approval is sought to increase the 2021/22 Capital Programme by £0.060m to enable the reinstatement of approximately 200m of boardwalk at Langlands Moss, previously destroyed by fire. This will augment the allocation of £0.019m already included within the 2020/21 Capital Programme and will be funded by contributions from the following sources:

- Planning Gain (£0.035m)
- Land Trust (£0.025m)

As this relates to 2021/22, there is no change to the current year programme and therefore no figure shown in the column to the right.

Crawforddyke Primary School – 2021/2022

The Capital Programme already includes an allocation of £0.510m to provide additional accommodation at Crawforddyke Primary School, Carluke to meet the growth in pupil numbers within the catchment area. Following the tender exercise, it has been identified that in order to add a mezzanine floor above the dining room, an additional requirement of £0.062m is necessary to complete the project.

Approval is sought to increase the 2021/22 Capital Programme for this project and this will be funded by contributions from developments in the Carluke area.

As this relates to 2021/22 there is no change to the current year programme and therefore no figure shown in the column to the right.

Minor Adjustments £0.000m

TOTAL ADJUSTMENTS £0.000m

APPENDIX 2

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2020/21
GENERAL SERVICES PROGRAMME
FOR PERIOD 1 APRIL 2020 TO 26 FEBRUARY 2021

	£m
Total Budget	80.648
Proposed Adjustments – Period 12	0.000
Total Revised Budget	80.648

	<u>Revised 2020/21 Budget</u>
<u>Resource</u>	<u>£m</u>
Community & Enterprise	37.622
Education	24.480
Finance & Corporate	3.282
Housing & Technical	6.529
Social Work	0.844
Total Resources Capital Programme	72.757
Additional Costs	7.091
Housing and Technical Resources – Additional Overheads	0.800
TOTAL CAPITAL PROGRAMME	80.648

APPENDIX 3

SOUTH LANARKSHIRE COUNCIL CAPITAL EXPENDITURE 2020/21 GENERAL FUND PROGRAMME FOR PERIOD 1 APRIL 2020 TO 26 FEBRUARY 2021

	<u>2020/21</u> <u>Original</u> <u>Budget</u> <u>(inc C/F)</u>	<u>2020/21</u> <u>Revised</u> <u>Budget</u>	<u>2020/21</u> <u>Actual to</u> <u>26/02/21</u>
Expenditure	£m	£m	£m
General Fund Programme	81.003	80.648	49.278
Income	<u>2020/21</u> <u>Original</u> <u>Budget</u>	<u>2020/21</u> <u>Revised</u> <u>Budget</u>	<u>2020/21</u> <u>Actual to</u> <u>26/02/21</u>
	£m	£m	£m
Prudential Borrowing	27.782	9.665	9.665
Developers Contributions	7.021	2.103	0.459
Partners (Including SPT, Sustrans, Blantyre Construction Ltd, Transport Scotland, and Renewable Energy Fund)	5.291	4.550	0.538
Scottish Government:			
- General Capital Grant	21.373	21.373	19.592
- Cycling, Walking and Safer Streets	1.497	1.497	-
- Vacant and Derelict Land	1.000	1.000	1.000
- Early Years 1,140 Hours	12.829	11.429	11.429
- Regeneration Capital Grant	0.482	1.482	0.763
- Town Centre Regeneration Fund	1.095	1.997	1.997
- Travelling People's Sites	-	0.133	0.133
- Digital Inclusion	-	1.253	1.253
- COVID-19 Mitigation for School Transport	-	0.072	0.023
Glasgow City Region City Deal	-	18.110	-
Specific Reserves	1.133	1.295	1.295
Revenue Contribution	1.500	4.689	4.689
TOTAL FUNDING	81.003	80.648	52.836

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2020/21
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2020 TO 26 FEBRUARY 2021

Projects with Underspends in 2020/21		
Project Name	Project Type	Completion Date
Community and Enterprise Resources:		
Town Centre Regeneration Fund	Regeneration	September 2021
Hamilton HUB - New Cross Shopping Centre	Regeneration	March 2022
Abington Campus for Enterprise	Regeneration	December 2021
Extension of Cemeteries	Land Purchase	Throughout 2021/22
Memorial Headstones	Remedial works	Throughout 2021/22
Springhall Community Centre Upgrade	External Works	Spring 2021
Glengowan Primary School Extension (Glasgow City Region City Deal Programme)	Extension / Adaptations	Late Spring / Summer 2022
Calderside Academy (Glasgow City Region City Deal Programme)	Extension / Adaptations	December 2023
Roads Investment Programme	Roads	Throughout 2021/22
Cambuslang Park and Ride	Roads	June 2021
Sustrans - Various	Roads	May 2021
Education Resources:		
St Charles Primary School - Additional Classroom	Extension	April 2021
St Mark's Primary School, Hamilton - Extension	Extension	June 2022
Kilbride Early Learning Centre (prev Netherton Road Nursery/ South Park)	New Build	May 2021
Lightburn Early Learning Centre, Cambuslang (previously Mill Road)	New Build	April 2021
Education Information Communication Technology	ICT	Throughout 2021/22
Auchingramont Road	New Build	June 2021
Small Scale Adaptations	Adaptations	Throughout 2021/22
Finance and Corporate Resources:		
IT Infrastructure Refresh	Infrastructure	May 2021
New Website / CRM / MDM / Customer Portal /Integration Tools	Infrastructure	May 2021
Digital Connectivity	Infrastructure	Throughout 2021/22
Mobile Working	Equipment	Throughout 2021/22
Housing and Technical Resources:		
Prioritised Urgent Investment	Refurbishment	Throughout 2021/22
Essential Services Fabric Upgrade	Refurbishment	Throughout 2021/22
Civic Centre Fabric Upgrade	Refurbishment	Throughout 2021/22
Central Energy Efficiency Fund 2020/21 Programme	Refurbishment	Throughout 2021/22
Gypsy Traveller Sites – Swinhill	Refurbishment	Throughout 2021/22

APPENDIX 5

SOUTH LANARKSHIRE COUNCIL CAPITAL EXPENDITURE 2020/21 HOUSING PROGRAMME FOR PERIOD 1 APRIL 2020 TO 26 FEBRUARY 2021

	<u>2020/21</u> <u>Annual</u> <u>Budget</u> £m	<u>2020/21</u> <u>Budget to</u> <u>26/02/21</u> £m	<u>2020/21</u> <u>Actual to</u> <u>26/02/21</u> £m
EXPENDITURE			
2020/21 Budget Incl. carry forward from 2019/20	48.172	36.599	36.015
	<u>2020/21</u> <u>Annual</u> <u>Budget</u> £m		<u>2020/21</u> <u>Actual to</u> <u>26/02/21</u> £m
INCOME			
Land Sales	-		0.139
Capital Funded from Current Revenue	18.134		18.134
Prudential Borrowing	9.994		5.682
Scottish Government Specific Grant:			
– New Build	18.124		10.870
– Open Market Purchase Scheme	1.800		1.095
– Mortgage to Rent	0.120		0.095
TOTAL FUNDING	48.172		36.015