

Report

Report to:	Executive Committee
Date of Meeting:	21 September 2022
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Programme 2022/2023 Update and Monitoring for Period 5 – 1 April 2022 to 12 August 2022
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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 to 12 August 2022

2. Recommendation(s)

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

- (1) that the Period 5 position (ended 12 August 2022) of the General Fund Capital Programme itemised at appendices 1 to 3 and the Housing Capital Programme at Appendix 4, be noted;
- (2) that the adjustments to the General Fund programme, listed at Appendix 1, 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 12 August 2022. 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. General Fund Capital Programme

4.1. **2022/2023 Budget:** The budget agreed at Executive Committee on 24 August 2022 was £98.093 million. A revised programme of £97.057 million is now anticipated. This includes adjustments to the programme totalling a net decrease of £1.036 million which are proposed in Appendix 1.

4.2. The main reason for this reduction is the profiling adjustment, proposed by Education Resources, reflecting a review of the anticipated timing of spend on the Clyde Terrace Nursery project. The site start was delayed from mid-May to early August as we awaited the completion of utilities work by Scottish Power Energy Network (SPEN). The project is still scheduled to complete in July 2023.

- 4.3. As reported last period, the programme included allocations for 3 significant projects where the level of spend in year had still to be confirmed. The projects and their budgets were noted as Clyde Bridge (£6.5 million), Larkhall Leisure Centre (£9 million) and Levelling Up Fund Match Funding (£1.8 million).
- 4.4. Since then, the Larkhall Leisure Centre project has been augmented by an allocation of £0.550 million from the Place Based Investment Fund budget in 2022/2023, allocated by the Community and Enterprise Resources Committee on 9 August 2022. This takes the project's total allocation to £9.550 million. The Place Based Investment Fund budget requires to be spent this financial year.
- 4.5. In relation to the Clyde Bridge project, the contract is currently out to tender with a return date of mid-September 2022. It is envisaged the contract will be awarded late October / early November 2022 with works expected to commence on site thereafter. The profile of spend will be updated thereafter.
- 4.6. **Period 5 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 £97.057 million.
- 4.7. Budget for the period is £14.274 million and spend to the 12 August 2022 is £14.420 million, an overspend of £0.146 million.
- 4.8. Actual funding received to 12 August 2022 is £72.796 million.
- 4.9. Relevant officers will continue to closely monitor the generation of all income including receipts.
- 5. Housing Capital Programme**
- 5.1. **2022/23 Budget:** Appendix 4 summarises the position on the Housing programme as at 12 August 2022. The revised capital programme for the year was £66.361 million, as approved by the Executive Committee on 24 August 2022.
- 5.2. Programmed funding for the year also totals £66.361 million. The funding sources are also detailed in Appendix 4.
- 5.3. **Period 5 Position:** Budget for the period is £16.139 million and spend to 12 August 2022 amounts to £16.150 million.
- 5.4. As at 12 August 2022, £16.150 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. Employee Implications**
- 6.1. There are no employee implications as a result of this report.
- 7. Financial Implications**
- 7.1. The financial implications are contained in sections 4 and 5 of the report for the General Services and Housing capital programmes respectively.

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. There are detailed project management plans prepared and the risk of overspend on each project is monitored through four weekly investment management meetings.
- 9.2. The Council continues to experience material shortages, longer lead times and extraordinary inflationary price increases and it is anticipated that this will continue to impact the supply chain for the foreseeable future. The impact of this will continue to be monitored through the four weekly investment management meetings. Further updates will be reported in the coming months with any significant increases in contract values being brought to members' attention.

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)

31 August 2022

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ Executive Committee, 24 August 2022

List of Background Papers

- ◆ Capital Ledger prints to 12 August 2022

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 2022/2023
GENERAL SERVICES PROGRAMME
FOR PERIOD 1 APRIL 2022 TO 12 AUGUST 2022

Proposed Adjustments

Community and Enterprise Resources

Nature Restoration Fund

Approval is sought to increase the 2022/2023 Capital Programme by £0.146m. £0.146m
This will be funded by a contribution from the Climate Challenge South Lanarkshire Investment funding within the Council's Revenue budget, and will be spent on improving biodiversity, access and education within local nature reserves including Holmills, Jocks Burn, Hamilton Low Parks, Bothwell/Blantyre/Uddingston. This funding will augment the Scottish Government's Nature Restoration funding (£0.188m) which is already included in the 2022/2023 Capital Programme, to give a total programme of works in 2022/2023 of £0.334m.

South Lanarkshire Lifestyles - Eastfield - Floodlighting

Approval is sought to increase the 2022/23 Capital Programme by £0.054m to upgrade the floodlights at the recently renovated and re-configured pitches within South Lanarkshire Lifestyles – Eastfield, Cambuslang. This will be funded by developers' contributions from the Cambuslang area. £0.054m

Synthetic & Grass Pitches - Hamilton Palace Grounds Sports Pitches

The 2022/2023 Capital Programme already includes an allocation (£0.260m) to renovate and re-configure the existing pitches at Hamilton Palace Sports Ground. Developer contributions totalling £0.041m from the Hamilton Area, have been identified to augment the existing budget allocation. Approval is sought to increase the 2022/2023 Capital Programme by £0.041m. £0.041m

Leadhills Village Active Travel Improvements

Funding of £0.050m has been awarded by Strathclyde Passenger Transport to undertake active travel improvements within the village of Leadhills. The project will deliver reallocation of carriageway space to provide walking, wheeling and cycling provision and the introduction of a 20mph limit throughout the village. Approval is sought to increase the 2022/23 Capital programme by £0.050m. £0.050m

Place Based Investment Fund / Larkhall Leisure Centre

The Community and Enterprise capital programme holds the budget for the Place Based Investment Fund. At the recent Community and Enterprise Resources Committee (9 August 2022), an allocation of £0.550 million was made from the Place Based Investment Fund to the Larkhall Leisure Centre project. This takes the Leisure Centre project's total budget to £9.550 million. (£0.550m)
£0.550m

Education Resources

Early Years 1,140 Hours - Clyde Terrace, Bothwell

Completion of the new nursery at Clyde Terrace in Bothwell is still anticipated for the new school term commencing in August 2023. However, now that the project has commenced on site, the profile of spend has been revised and funding/budget (£1.500m)

requires to be moved into 2023/2024. Approval is sought to move £1.500m into the 2023/24 Capital programme.

Housing and Technical Resources

Central Energy Efficiency Fund (CEEF)

The CEEF is a revolving fund. The fund is used to pay for energy efficiency projects each financial year. The fund is then replenished by savings achieved from these projects across an agreed payback period for each project. A new wave of projects is included in the capital programme each financial year.

Approval is sought to add energy efficiency projects totalling £0.173m into the 2022/23 Capital Programme. Projects to be carried out include LED Lighting in Council Chambers, Headquarters and James Aiton Primary School as well as various industrial estates including: Cathcart Court, Kilcreggan Court, Larkhall Castlehill and Craigie Court. £0.173m

Furthermore, additional solar photovoltaic panels and battery system will be installed at the new Jackton Primary School, East Kilbride. These works will be funded from the CEEF Fund.

TOTAL ADJUSTMENTS	(£1.036m)
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APPENDIX 2

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2022/2023
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2022 TO 12 AUGUST 2022

£m

Total Budget (Executive Committee – 24 August 2022) **98.093**

Proposed Adjustments – Period 5 (1.036)

Total Revised Budget **97.057**

<u>Resource</u>	<u>2022/23 Budget</u>	<u>Period 5 Proposed Adjustments</u>	<u>Revised 2022/23 Budget</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Community & Enterprise	64.249	0.291	64.540
Education	16.133	(1.500)	14.633
Finance & Corporate	3.695		3.695
Housing & Technical	8.313	0.173	8.486
Social Work	3.903		3.903
Other Match Funding	1.800		1.800
TOTAL CAPITAL PROGRAMME	98.093	(1.036)	97.057

APPENDIX 3

SOUTH LANARKSHIRE COUNCIL CAPITAL EXPENDITURE 2022/2023 GENERAL FUND PROGRAMME FOR PERIOD 1 APRIL 2022 TO 12 AUGUST 2022

	<u>2022/23</u> <u>Original</u> <u>Estimate inc</u> <u>C/F</u>	<u>2022/23</u> <u>Revised</u> <u>Budget</u>	<u>2022/23</u> <u>Budget to</u> <u>12/08/22</u>	<u>2022/23</u> <u>Actual to</u> <u>12/08/22</u>
Expenditure	£m	£m	£m	£m
General Fund Programme	95.232	97.057	14.274	14.420
Income	<u>2022/23</u> <u>Budget</u>	<u>2022/23</u> <u>Revised</u> <u>Budget</u>		<u>2022/23</u> <u>Actual</u> <u>To</u> <u>12/08/22</u>
	£m	£m		£m
Prudential Borrowing	55.416	49.845		49.845
Developers Contributions	6.552	7.440		5.696
Partners (Including High Blantyre Construction, SPT, Sustrans, and CARES)	1.745	3.800		1.452
Scottish Government:				
- Capital Grant	22.424	22.908		7.761
- Cycling, Walking and Safer Routes	2.154	2.887		0.000
- Vacant and Derelict Land	1.820	1.820		1.083
- Regeneration Capital Grant	1.720	2.020		0.807
- Town Centre Regeneration Fund	0.101	0.101		0.101
- Place Based Investment Programme	1.617	3.357		3.357
- Electric Vehicle Charging Infrastructure	0.118	0.118		0.089
- NSS Tec	0.000	0.040		0.040
Glasgow City Region City Deal	0.000	0.000		0.000
Capital Receipts	1.000	1.000		0.844
Specific Reserves	0.534	1.207		1.207
Revenue Contribution	0.031	0.514		0.514
TOTAL FUNDING	95.232	97.057		72.796

APPENDIX 4

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2022/2023
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2022 TO 12 AUGUST 2022

	<u>2022/23</u> <u>Original</u> <u>Budget</u> £m	<u>2022/23</u> <u>Revised</u> <u>Budget</u> £m	<u>2022/23</u> <u>Budget to</u> <u>12/08/22</u> £m	<u>2022/23</u> <u>Actual to</u> <u>12/08/22</u> £m
Expenditure				
2022/2023 Budget Incl. adjustment from 2021/2022	52.230	66.361	16.139	16.150

	<u>2022/23</u> <u>Original</u> <u>Budget</u> £m	<u>2022/23</u> <u>Revised</u> <u>Budget</u> £m	<u>2022/23</u> <u>Actual to</u> <u>12/08/22</u> £m
INCOME			
Capital Receipts	0.000	7.311	0.000
Capital Receipts – Land Sales	0.000	0.000	0.007
Capital Funded from Current Revenue	26.050	26.050	16.143
Prudential Borrowing	22.018	26.462	0.000
Scottish Government Specific Grant:			
- New Build	2.242	4.048	0.000
- Open Market Purchase Scheme	1.800	2.370	0.000
- Mortgage to Rent	0.120	0.120	0.000
	52.230	66.361	16.150