

Report

Report to:	Executive Committee
Date of Meeting:	2 February 2022
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Programme 2021/2022 Update and Monitoring for Period 10 – 1 April to 31 December 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 to 31 December 2021.

2. Recommendation(s)

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

- (1) that the Period 10 position (ended 31 December 2021) 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 31 December 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. General Fund Capital Programme

4.1. **2021/2022 Budget:** The budget agreed at Executive Committee on 1 December 2021 was £78.310 million. A revised programme of £72.433 million is now anticipated, which includes adjustments to the programme totalling a net decrease of £5.877 million, which are proposed in Appendix 1.

4.2. Programmed funding for the year also totals £72.433 million. The funding sources are detailed in Appendix 3. Since the last report to this Committee, there has been a change to the funding package and this is detailed in section 4.3 below:

4.3. **General Capital Grant:** In December 2021, the Scottish Government revised our 2021/2022 General Capital Grant allocation to £24.174 million, an increase of £0.096 million. Given the late notification of this additional funding, any new projects are

unlikely to be designed and completed prior to the end of this financial year. As a result, this additional allocation of £0.096 million will be used to fund the existing Capital Programme and reduce the Council's level of borrowing in 2021/2022.

- 4.4. **Period 10 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 £72.433 million.
- 4.5. Budget for the period is £37.532 million and spend to the 31 December 2021 is £37.252 million, £0.280 million behind programme.
- 4.6. Actual funding received to 31 December 2021 is £54.546 million.
- 4.7. Relevant officers will continue to closely monitor the generation of all income.

5. Housing Capital Programme

- 5.1. **2021/22 Budget:** Appendix 4 summarises the position on the Housing programme as at 31 December 2021. The revised capital programme for the year was £79.640 million, as approved by the Executive Committee on 22 September 2021. There are no new adjustments proposed in this report.
- 5.2. Programmed funding for the year also totals £79.640 million. The funding sources are also detailed in Appendix 4.
- 5.3. The impact of material shortages and price increases will continue to be monitored on a project-by-project basis in both the Housing and General Fund Programmes.
- 5.4. **Period 10 Position:** Budget for the period is £52.174 million and spend to 31 December 2021 amounts to £51.845 million, £0.329 million behind programme.
- 5.5. As at 31 December 2021, £51.845 million of funding had been received.
- 5.6. 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. The risk had 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.
- 9.2. As previously advised to Committee, the Coronavirus (COVID-19) Pandemic has led to materials shortages, longer lead times and steep price increases and this will

continue to impact the supply chain for the foreseeable future. The impact of this will be monitored through the four weekly investment management meetings. Further updates will be reported in the coming months with any significant impact on projects being brought to Members' attention as appropriate.

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 January 2022

Link(s) to Council Values/Ambitions/Objectives

- Accountable, Effective, Efficient and Transparent

Previous References

- Executive Committee, 22 September 2021
- Executive Committee, 1 December 2021

List of Background Papers

Capital Ledger prints to 31 December 2021

Contact for Further Information

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

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Proposed Adjustments

As noted in section 9.2, as advised to Committee previously, the Coronavirus (COVID-19) Pandemic has led to materials shortages, longer lead times and price increases and this is expected to have an impact on the supply chain for the foreseeable future, therefore we will continue to report movements in the programme.

The proposed adjustments to the 2021/2022 Capital Programme (detailed in this Appendix) include the impact of the pandemic on projects. For any project where delivery has slipped, this is a timing issue only, and the project will be included in a future year programme as appropriate. A Capital Programme for 2022/2023 is currently being compiled for Members' approval before the new financial year. This Programme will be based on a realistic assessment of project spend/delivery that can be achieved in 2022/2023 and will include these slipped projects where appropriate.

Community and Enterprise Resources

Electric Vehicle Charging Infrastructure

Transport Scotland have awarded the Council grant funding of £0.048m to continue the expansion of electric vehicle charging infrastructure across South Lanarkshire. £0.048m
Approval is sought to increase the 2021/2022 Capital Programme by £0.048m to allow these works to progress.

Roads – Structures

The Scottish Government have awarded South Lanarkshire Council £2.783 million from the Local Bridge Maintenance Fund to undertake structural and repair works on the following projects: Ponfeigh Bridge (£1.591m), Daer Bridge (£0.596m) and Scrogton Bridge (£0.596m). This will be provided through the Council's General Capital Grant allocations in 2021/2022 (£1.721m) and 2022/2023 (£1.062m). £1.721m

The 2021/2022 Capital Programme already includes an allocation of £1.845m to allow the works at Ponfeigh to be undertaken this financial year. As a result of the Scottish Government funding announcement, approval is sought to replace £1.591m of this original Council allocation with Government funding. (£1.591m)

Switched on Fleet

The Energy Saving Trust have awarded South Lanarkshire Council £0.171 million to progress the installation of additional electric vehicle charging infrastructure. £0.171m

The 2021/2022 Capital Programme already includes an allocation of £0.325m to undertake these works. As a result of this additional funding announcement from the Energy Saving Trust, approval is sought to replace £0.171m of the original Council allocation with Government funding and then slip the Council's £0.171m and an additional £0.042m into 2022/23, in order to match project timescales. (£0.213m)

Country Parks – Horseshoe Bridge, Calderglen

Approval is sought to slip £0.150m into the 2022/23 Capital Programme to reflect the revised timescales of the project to replace Horseshoe Bridge, within Calderglen Country Park. Detailed design is nearing completion with physical works planned to commence early in 2022/2023. (£0.150m)

White Bridge Replacement, Chatelherault Country Park

Approval is sought to slip £0.221m into the 2022/23 Capital Programme to reflect the revised timescales of the project. An options appraisal is being carried out before the new bridge can be designed and programme of works prepared. (£0.221m)

Abington Campus for Enterprise

Approval is sought to increase the 2021/22 Capital Programme by £0.200m to reflect an additional award received of £0.200m from the Scottish Government's Regeneration Capital Grant Fund towards this project to extend and convert the former Abington schoolhouse into business and community space. £0.200m

£0.150m of this funding is not required until 2022/23 and should therefore slip into the 2022/23 Capital Programme to reflect the timing of spend. This will augment the original allocation from the Regeneration Capital Grant Fund (£0.880m) and a contribution from Clyde Windfarm (£0.711m) which was added to the Capital Programme previously. (£0.150m)

Strathclyde Passenger Transport (SPT) – Bus Infrastructure

An additional contribution of £0.020m has been received from SPT towards the costs associated with unforeseen ground conditions at Belstane Gait, Carlisle. This augments the original grant award of £0.100m currently included in the 2021/22 Capital Programme for this project. Approval is sought to increase the 2021/22 Capital Programme by £0.020m to reflect this additional award. £0.020m

Cambuslang Park & Ride

Approval is sought to increase the 2021/2022 Capital Programme to reflect a contribution of £0.060m from Link Group Limited towards the costs of removing Japanese Knotweed and to carry out drainage works at Cambuslang Park and Ride. £0.060m

Leisure Centres

Approval is sought to slip £0.480m into the 2022/2023 Capital Programme in respect of the Larkhall Leisure Centre project. A public consultation exercise will commence in February 2022, which will influence the design of the new facility. (£0.480m)

Hamilton Palace Grounds – Play Area

The tender returns for this project are currently being evaluated with a site start anticipated in March 2022. In order to reflect these timescales, approval is sought to slip £0.184m into the 2022/2023 Capital Programme. (£0.184m)

Renewal of Play Parks

The Community and Enterprise Resources Committee (28 September 2021) agreed that the most appropriate use of the 2021/2022 Scottish Government funding for the Renewal of Play Parks would be to employ two temporary Landscape Development Officers, to undertake the surveys of each of the 233 sites and develop a programme of works. The recruitment process is ongoing, and given timescales, approval is sought to slip £0.268m into the 2022/2023 Capital Programme. (£0.268m)

Cycling, Walking and Safer Routes

Approval is sought to slip £0.512m into the 2022/2023 Capital Programme to reflect the timescales for the East Kilbride Cycle Network project. The project will now be tendered prior to the end of the financial year with works completed into 2022/2023. (£0.512m)

City Deal – Cathkin Bypass

In order to align with the timescales for payment of the compensation claims associated with the new road, approval is sought to slip £0.678m into the 2022/2023 Capital Programme. (£0.678m)

Education Resources

Early Years 1140 Hours

Price increases in the construction industry have meant an increase of £0.540m in the anticipated budget requirement for the Early Years 1140 Programme. Funding of £0.540m has been identified within the Early Years 1,140 Hours Revenue Budget to assist in managing these increased costs. £0.540m

This funding will not be required until 2022/2023 therefore approval is sought slip this (£1.000m) and an additional £0.460m into 2022/23, in order to match project timescales.

Schools Information Computer Technology (ICT)

Approval is sought to allow slippage of £0.660m into the 2022/23 Capital programme in order to reflect the revised profile of spend for part of the ICT hardware refresh programme. (£0.660m)

Housing and Technical Resources

Prioritised Urgent Investment

In order to reflect the revised timescales associated with a number of projects within this multi-year programme of works, approval is sought to slip £0.680m into the 2022/2023 Capital Programme. (£0.680m)

Principal Offices – Fabric and Service Investment

Approval is sought to allow slippage of £0.650m into the 2022/23 Capital programme in order to reflect the revised timescales within council buildings. (£0.650m)

Social Work Resources

Blantyre Care Facility

Approval is sought to slip £1.200m into the 2022/23 Capital Programme to reflect the revised completion schedule for the new Care Facility in Blantyre. This project has been behind schedule due to delays experienced with the delivery of materials on site. The contractor has now revised the completion date by 5 weeks from end of May 2022 to end of June 2022. (£1.200m)

Minor Adjustments £0.000m

TOTAL ADJUSTMENTS (£5.877m)

APPENDIX 2

SOUTH LANARKSHIRE COUNCIL
 CAPITAL EXPENDITURE 2021/22
 GENERAL FUND PROGRAMME
 FOR PERIOD 1 APRIL 2021 TO 31 DECEMBER 2021

£m

Total Budget	78.310
Proposed Adjustments – Period 10	(5.877)
Total Revised Budget	72.433

<u>Resource</u>	<u>2021/22 Budget</u>	<u>Proposed Adjustments</u>	<u>Revised 2021/22 Budget</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Community & Enterprise	44.115	(2.212)	41.903
Education	16.319	(1.120)	15.199
Finance & Corporate	3.176	-	3.176
Housing & Technical	8.146	(1.345)	6.801
Social Work	6.554	(1.200)	5.354
TOTAL CAPITAL PROGRAMME	78.310	(5.877)	72.433

APPENDIX 3

SOUTH LANARKSHIRE COUNCIL CAPITAL EXPENDITURE 2021/22 GENERAL FUND PROGRAMME FOR PERIOD 1 APRIL 2021 TO 31 DECEMBER 2021

	<u>2021/22</u> <u>Original</u> <u>Estimate inc</u> <u>C/F</u>	<u>2021/22</u> <u>Revised</u> <u>Budget</u>	<u>2021/22</u> <u>Budget to</u> <u>31/12/21</u>	<u>2021/22</u> <u>Actual to</u> <u>31/12/21</u>
Expenditure	£m	£m	£m	£m
General Fund Programme	85.066	72.433	37.532	37.252
Income	<u>2021/22</u> <u>Budget</u>	<u>2021/22</u> <u>Revised</u> <u>Budget</u>		<u>2021/22</u> <u>Actual</u> <u>To</u> <u>31/12/21</u>
	£m	£m		£m
Prudential Borrowing	40.289	25.408		25.408
Developers Contributions	4.474	2.382		2.123
Partners (Including SPT, Sustrans, Clyde Wind Farm and CARES)	4.647	4.949		1.042
Scottish Government:				
- Capital Grant	21.362	24.174		14.337
- Cycling, Walking and Safer Routes	1.912	1.400		0.285
- Vacant and Derelict Land	0.831	0.694		0.785
- Early Years 1,140 Hours	2.024	1.024		1.024
- Regeneration Capital Grant	1.230	1.280		1.318
- Town Centre Regeneration Fund	2.739	2.739		2.739
- Place Based Investment Programme	2.003	2.003		2.003
- Gaelic Capital Fund	0.038	0.038		0.038
- Department for Transport	0.000	0.118		0.000
- Gypsy Travellers	0.000	0.107		0.107
Glasgow City Region City Deal	2.386	2.780		0.000
Specific Reserves	1.024	1.642		1.642
Revenue Contribution	0.000	1.695		1.695
TOTAL FUNDING	85.066	72.433		54.546

APPENDIX 4

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2021/22
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2021 TO 31 DECEMBER 2021

	<u>2021/22</u> <u>Annual</u> <u>Budget</u> £m	<u>2021/22</u> <u>Budget to</u> <u>31/12/21</u> £m	<u>2021/22</u> <u>Actual to</u> <u>31/12/21</u> £m
Expenditure			
2021/22 Budget Incl. adjustment from 2020/21	79.640	52.174	51.845
	<u>2021/22</u> <u>Annual</u> <u>Budget</u> £m		<u>2021/22</u> <u>Actual to</u> <u>31/12/21</u> £m
INCOME			
Capital Funded from Current Revenue	19.637		19.637
Prudential Borrowing	50.532		29.607
Scottish Government Specific Grant:			
- New Build	7.191		2.601
- Open Market Purchase Scheme	2.160		0.000
- Mortgage to Rent	0.120		0.000
	<u>79.640</u>		<u>51.845</u>