

# Report

Report to:	<b>Executive Committee</b>
Date of Meeting:	<b>24 June 2020</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Capital Budget Monitoring Final Outturn – 2019/20</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Advise Committee of the outturn position of the General Services and Housing Capital Programmes for the year ended 31 March 2020; and
- ◆ Advise of the proportion of the programmes, expressed in financial terms, which have been carried forward for year 2020/21.

## 2. Recommendation(s)

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

- (1) that the outturn on the 2019/20 General Services Programme of £61.533 million (section 5.1), be noted;
- (2) that the additional contribution from Reserves for Roads investment (£0.720m) has not been required due to COVID19 and that it remain in Reserves (section 5.4), be approved;
- (3) that the carry forward of 2019/2020 funding into the 2020/2021 General Services Capital Programme totalling £14.821 million (section 5.9), be approved;
- (4) that the outturn on the 2019/20 Housing Capital Programme of £51.235 million (section 5.12), be noted;
- (5) that the carry forward of 2019/2020 projects, totalling £15.264 million, be added to future years' Housing Capital Programmes (section 5.14), be approved; and
- (6) that the level of overall spend anticipated in 2020/2021, for both General Services and Housing Programmes, will be subject to a separate report to a future meeting of this Committee (sections 5.11 and 5.15), be noted.

## 3. Background

- 3.1. The General Services Capital Programme for 2019/2020 totalled £76.804 million. This reflects the programme agreed by Executive Committee on 29 May 2019 and the subsequent amendments made through regular monitoring reports throughout 2019/2020.
- 3.2. The Housing Capital Programme for 2019/2020 totalled £61.835 million. This programme was approved by Executive Committee on 29 May 2019.
- 3.3. Section 5 of this report will provide a final outturn position on the 2019/2020 General Services and Housing Capital Programmes, and will update members on the carry forward into the new financial year.

#### **4. Employee Implications**

- 4.1. None

#### **5. Financial Implications**

- 5.1. **General Services:** Appendix 1 shows the total expenditure of £61.533 million on the General Fund Capital Programme for year 2019/2020 along with the funding sources for this spend.
- 5.2. The ongoing implications of COVID19, including the closure of construction sites in advance of the financial year end, have had an impact on the level of capital spend which has been achieved this financial year. This will continue to impact on the 2020/2021 Capital Programme. A separate report on the 2020/21 Capital Programme will be brought to members in due course.
- 5.3. The difference between the programme of £76.804 million and the spend of £61.533 million is £15.271 million. This is an additional underspend of £3.071 million compared to the outturn reported to Executive Committee on 13 May 2020. This additional underspend is mainly due to the timing of spend in relation to the programme of works on a number of projects including: Civic Centre (£0.5 million); Greenhills Road (£0.9 million), Roads Improvement Programme (£0.8 million); Town Centre Regeneration Fund (£0.4 million); Essential Services Accommodation (£0.2 million); Cycling, Walking and Safer Streets (£0.1 million) and National Strategic Cycle Routes (£0.1 million).
- 5.4. At its meeting on the 27 February 2019 (Overall Position of Budget 2019/2020 and Savings Proposals), the Council agreed an additional £0.720 million for investment in Roads. This was to be funded by a contribution from the Council's Reserves. As a result of COVID19, the level of spend on Roads has reduced in year, and this additional contribution has not been required in 2019/2020. It is proposed that this funding remains in Reserves.
- 5.5. Similarly, as a result of the reduced expenditure achieved in 2019/2020, SPT funding of £0.652 million has not been fully utilised in-year. SPT have been asked to consider providing this funding in financial year 2020/2021 to allow completion of the projects.
- 5.6. The main projects which make up the overall underspend of £15.271 million are detailed in Appendix 2. For all of these projects, the underspend reflects a variation from the expected timing of project spend in 2019/2020. Funding will carry forward into next financial year however the overall level of spend anticipated in the new financial year will be detailed in a separate report to a future meeting of this Committee.
- 5.7. **Accounting Adjustments:** Accounting Regulations mean that adjustments are required to report spend correctly as either Capital or Revenue for the purposes of publishing our Annual Accounts. This includes where spend from the Capital Programme is on assets that are not owned by the Council (for example Clyde Gateway spend) or where spend must be classed as Revenue due to the nature of the spend. This adjustment has no physical impact on projects – it is an accounting entry only.
- 5.8. From reviewing the Council's Revenue and Capital spend, £0.826 million of capital spend is required to be recorded as revenue spend. Conversely, £0.406 million of

revenue spend should be recorded as capital. The transfers above mean that for the purpose of publishing our Annual Accounts only, there is capital spend of £61.113 million.

- 5.9. **Carry Forward to 2020/2021:** Following the 2019/20 year-end, a carry forward exercise has been undertaken and a carry forward total of £14.821 million into financial year 2020/21 is available.
- 5.10. This carry forward figure of £14.821 million reflects the 2019/2020 underspend of £15.271 million, increased by £0.270 million to reflect the actual position of income received during the year. This increases the amount available for spend. In addition, as proposed in this report at section 5.4, the carry forward will be reduced by £0.720 million to reflect the additional Roads contribution not required in 2019/2020 as a result of COVID19. The net result of these adjustments is a carry forward of £14.821 million.
- 5.11. The overall base programme for 2020/2021, including this carry forward of £14.821 million, will be considered in a separate report to a future meeting of this Committee. This separate report will review the programme for the coming year detailing the overall level of spend achievable as a result of the impact of COVID19.
- 5.12. **Housing Programme** Appendix 3 summarises actual expenditure of £51.235 million. This is £10.600 million lower than the budget of £61.835 million due to the timing of spend on a number of programmes. As with the General Services Programme, the level of spend on the Housing Programme has also been impacted by the COVID19 lockdown in advance of the financial year end. This will continue into the new financial year and will impact on the 2020/2021 Housing Capital Programme.
- 5.13. Housing and Technical Resources have received additional one-off income of £3.231 million and new borrowing of £1.433 million in 2019/2020 which will be available for future years.
- 5.14. Taking into account the additional funding of £4.664 million (section 5.13) and the year-end underspend position (£10.600 million), there is a net £15.264 million of budget available to contribute to future years' Housing programmes.
- 5.15. To reflect the uncertainty surrounding the impact of lockdown on the Housing Investment programme for 2020/21, it is proposed that the allocation of £15.264 million is moved to 2021/22. The overall programme for 2020/21 is being considered and post lockdown, when timescales and the impact of revised systems of working can be more accurately established, a revised position will be presented to a future Executive Committee meeting for approval.

## **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 and the outturn report shows an underspend at financial year end.

## **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)**

3 June 2020

**Link(s) to Council Values/Ambitions/Objectives**

- Accountable, Effective, Efficient and Transparent

**Previous References**

- Executive Committee, 29 May 2019
- Executive Committee, 13 May 2020

**List of Background Papers**

- Capital ledger prints for the period 1 April 2019 to 31 March 2020

**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 2019-2020  
GENERAL FUND PROGRAMME  
FOR PERIOD 1 APRIL 2019 TO 31 MARCH 2020

**APPENDIX 1**

**EXPENDITURE**

	2019-20 REVISED BUDGET	2019-20 ACTUAL to 31/03/20
	£m	£m
<b>GENERAL FUND PROGRAMME</b>	<b>76.804</b>	<b>61.533</b>
<u>Accounting Adjustments</u> (sections 5.7 and 5.8):		
Less: Transfers to Revenue		(0.826)
Add: Year End Transfers to Capital		<u>0.406</u>
<b>2019/2020 Outturn Position</b> (Accounting Basis only)	<b><u>76.804</u></b>	<b><u>61.113</u></b>

<b>INCOME</b>	<b>Actual to 31/03/20 £m</b>
Prudential Borrowing	12.025
Heritage Lottery / Sportscotland Grant	0.291
Developers Contributions	0.814
Partners (Including Strathclyde Partnership for Transport, Sustrans and Scottish Environment Protection Agency)	2.608
Scottish Government:	
- Capital Grant	33.029
- Cycling, Walking and Safer Streets	0.427
- Vacant and Derelict Land	0.738
- Early Years 1,140 Hours	2.732
- Regeneration Capital Grant	0.417
- Town Centre Regeneration Fund Grant	0.025
Glasgow City Region City Deal	6.141
Specific Reserves	1.354
Capital Receipts	0.106
Capital Financed from Current Revenue	0.406
<b>TOTAL INCOME</b>	<b>61.113</b>

SOUTH LANARKSHIRE COUNCIL  
CAPITAL EXPENDITURE 2019-20  
GENERAL FUND PROGRAMME  
FOR PERIOD 1 APRIL 2019 TO 31 MARCH 2020

**APPENDIX 2**

<b>Projects with Underspends in 2019/2020</b>	
<b>Project Name</b>	<b>Project Type</b>
Tom Craig Centre	Refurbishment
Springhall Urban Greenspace Development (Springhall Cage)	Infrastructure
Springhall Community Centre Upgrade	Refurbishment
Bin Storage Areas	Infrastructure
Former Ballgreen Hall Demolition	Demolition
Extension of Cemeteries and Landworks	Land Purchase
Town Centre Regeneration Fund	Regeneration
Electric Vehicle Charging	Infrastructure
Roads Investment Programme	Infrastructure
Horsley Brae	Roads
Lanark Park and Ride	Land Purchase
Roads Investment Programme	Roads
SPT - Extension of Carstairs Junction Park and Ride	Infrastructure
SPT - Cambuslang Station Park & Ride	Infrastructure
Cycling, Walking and Safer Streets	Infrastructure
National Strategic Cycle Routes	Infrastructure
Greenhills Road	Roads
St Charles' Primary School Extension	Extension
Mobile Teaching Units	Modular Units
Education Information Communication Technology	ICT
Auchingramont Road	Demolition / New Build
Early Years 1,140 Hours programme	Various
Computer Room Upgrade	Infrastructure/ Refurbishment
Mobile Working Pilot	Equipment
Civic Centre	Refurbishment
Essential Services Accommodation	Refurbishment
Prioritised Urgent Investment	Refurbishment
Central Energy Efficiency Fund	Equipment
Springhall Regeneration Project (H&T)	Refurbishment
Blantyre Care Facility	New Build

## APPENDIX 3

SOUTH LANARKSHIRE COUNCIL  
CAPITAL EXPENDITURE 2019-20  
HOUSING PROGRAMME  
FOR PERIOD 1 APRIL 2019 TO 31 MARCH 2020

### EXPENDITURE

	2019-20 REVISED BUDGET	2019-20 ACTUAL to 31/03/20
	£m	£m
2019/2020 Budget	<b><u>61.835</u></b>	<b><u>51.235</u></b>

### INCOME

**2019-20  
Actual  
to  
31/03/20  
£m**

House Sales	0.000
Land Sales	0.046
Capital Funded from Current Revenue	20.589
Prudential Borrowing	14.681
Specific Grant	13.176
Miscellaneous Income	2.743
<b>Total Income</b>	<b><u>51.235</u></b>