



# Report

Report to:	<b>Executive Committee</b>
Date of Meeting:	<b>26 June 2024</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Capital Budget 2024/2025 and Monitoring for Period 2 - 1 April 2024 to 17 May 2024</b>
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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 2024/2025 Capital Programme including 2023/2024 carry forward. It includes information on two programmes: the General Fund Programme (being Education, Social Work, Roads and Other General Services) and the Housing Investment Programme, which covers all investment in relation to the Council's Housing stock
- ◆ update Committee of progress on the Capital Programme for the period 1 April 2024 to 17 May 2024

## 2. Recommendation(s)

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

- (1) that the position of the General Fund Capital Programme detailed in (section 4) and the Housing Capital Programme (section 5), be approved;
- (2) that the Council borrows £2 million, on a short-term basis, to fund the balance of the Hairmyres Station Park and Ride project spend, as detailed in Section 4.10, be agreed;
- (3) that the adjustments to the General Fund programme, listed at Appendix 1, be approved; and
- (4) that the revised programmes be monitored by the Financial Resources Scrutiny Forum.

## 3. Background

3.1. South Lanarkshire Council (21 February 2024) approved a General Services base budget of £49.512 million for financial year 2024/2025. Since the approval of this programme, the financial year-end and additional funding received will mean an adjustment to the 2024/2025 Capital Programme set.

3.2. A total Housing Capital Programme budget for 2024/2025 was also approved by Council in February 2024. This included funding carried forward from previous years and gave a total programme of £77.303 million.

3.3. This report provides an update on the Capital programmes as well as a summarised monitoring position as at 17 May 2024 (Period 2). Spending has been split into two separate sections below:

- ◆ General Fund Capital Programme (which includes Education, Social Work, Roads and Other General Services) (Section 4)
- ◆ Housing Capital Programme (Section 5)

#### 4. **2024/2025 Capital Programmes**

4.1. **General Services – 2024/2025 Budget:** Section 3.1 notes that the base programme for General Services is £49.512 million, as approved by Council in February 2024. This base budget is affected by the adjustments detailed in sections 4.2 to 4.10 and summarised in Table 1.

4.2. **2023/24 Carry Forward:** As reported in the Final Outturn Report for 2023/2024, a separate report to this meeting, a carry forward total of £14.121 million will ensure sufficient budget is available to conclude ongoing projects within the General Fund Capital Programme.

**Increase to Budget: £14.121 million**

4.3. **Net Additional Funding (2023/2024):** At the end of 2023/2024, additional funding was received and used to fund expenditure incurred in that year. This has been offset by budget reductions – where externally funded projects have completed under budget, or funding is unable to be carried forward e.g. SPT funded projects such as Lanark Interchange. The net total of this income is an increase to the programme of £0.217 million and this needs to be added to the overall expenditure budget being carried into 2024/2025.

**Increase to Budget: £0.217 million**

4.4. **Previous Approvals:** The Finance and Corporate Resources Committee, at its meeting on the 1 September 2021, approved funding of £1 million from Reserves towards the Oracle HR/Finance Replacement project. The spend profile means that this will be required in financial year 2024/2025.

**Increase to Budget: £1.000 million**

4.5. **Leisure and Culture Transformation Fund:** As part of the 2023/2024 Revenue Budget, members approved an allocation of £1.182 million to pay for the cost of borrowing £13 million of capital investment for a Leisure and Culture Transformation Fund. The fund will help modernise the leisure and culture estate, optimise use of assets and assist in the transition towards net zero.

4.6. The Council's Executive Committee (8 May 2024) approved the first phase of investment from this Fund totalling around £8.4 million. The 2024/2025 programme will be increased to facilitate spend on these projects.

**Increase to Budget: £8.400 million**

- 4.7. **General Capital Grant:** In May 2024, the Scottish Government revised our 2024/2025 General Capital Grant allocation to £20.156 million. This is an increase of £0.880 million and reflects the distribution of the previously expected 2024/2025 Renewal of Play Parks allocation of £0.896 million. However, as there is already a allocation of £1.109 million in the 2024/2025 Programme for Play Parks reflecting funding carried forward, no increase to the current year programme is proposed at this stage. This will be added to the 2025/2026 Capital Programme. Should the funds be required in 2024/2025, the budget will be adjusted accordingly.

**No impact on Budget**

- 4.8. **Hairmyres Station Park and Ride:** The estimated cost of completing the new park and ride facility at Hairmyres Station is £4.6 million, funded from Glasgow City Region City Deal (£2.000m) and Developer Contributions from the East Kilbride Community Growth Area (£0.600m). The balance of £2 million was originally anticipated from Strathclyde Passenger Transport (SPT) however due to funding reductions to their 2024/2025 budget, this was not added to the original programme.
- 4.9. Following extensive discussions, Transport Scotland have agreed to provide a letter of comfort stating that they will reimburse the Council in future financial years, if the Council agree to forward fund the £2 million shortfall in funding (through additional borrowing) to allow the project to progress. This letter of comfort is being finalised through Transport Scotland/South Lanarkshire Council discussions before final sign off. Based on this letter of comfort, it is proposed that the Council borrows on a short-term basis, to fund the balance of the project spend (£2 million). This borrowing will be repaid when the funding is received from Transport Scotland. Because the money from Transport Scotland is a future funding stream, the Council is not liable to make any principal repayments on this borrowing until the income is received. The Council will however be liable for interest on the outstanding amount until such times as the balance is repaid. This is estimated at £0.090 million per annum. It is expected that Transport Scotland will provide the funding by 2026/2027.
- 4.10. The 2024/2025 Capital Programme includes an allocation of £1.979 million for this project, funded by City Deal. It is proposed that the budget be increased by a further £2.6 million to include the additional borrowing (£2 million) as outlined at section 4.10, as well as the developer contributions (£0.600 million). However, because of the anticipated profile of spend, the additional borrowing will be slipped into 2025/2026. When the results of the tender exercise and a programme of works is known, this may be reprofiled.

**Increase to Budget: £2.6 million**  
**Slippage: (£2.0 million)**

- 4.11. **2024/2025 General Services Base Budget Position:** Taking into account the movements noted in sections 4.2 to 4.10, the General Services Programme for 2024/2025 is now £73.850 million. This is the base budget for the financial year. This is summarised in Table 1 and is shown in detail, in Appendix 2 to this report.

**Table 1 – 2024/2025 General Services Base Budget**

	<b>2024/25 £m</b>
<b>Approved Programme – 21 February 2024 (Section 3.1)</b>	<b>49.512</b>
2023/2024 Carry Forward (Section 4.2)	14.121
2023/2024 Additional Funding Received (Section 4.3)	0.217
Previous Approvals (Section 4.4)	1.000
Leisure and Culture Transformation Fund (Section 4.6)	8.400
General Capital Grant (Sections 4.7)	-
Hairmyres Station Park and Ride (Sections 4.8-4.10)	0.600
<b>2024/2025 General Services Base Budget</b>	<b>73.850</b>

- 4.12. **General Fund – Period 2 Position:** Since the budget was approved in February 2024, Resources have submitted amendments to the programme totalling £8.790 million. Based on the profile of spend, £2 million of the £6.795 million Levelling Up Funding for the Three Rivers / Clydesdale Way project will be required in 2024/2025, along with £5.4 million towards the Shawfield Remediation and Development project. In addition, Transport Scotland have advised an increase in the Active Travel Tier 1 Funding allocation in 2024/2025, of which our share will be £0.682 million. Furthermore, funding from Central Energy Efficiency Fund (£0.700m) and the Shared Prosperity Fund (£0.008m) is also required to be added to the 2024/2025 programme. A detailed breakdown of these proposals is included in Appendix 1. If these proposals are approved, the total budget for the year will be revised to £82.640 million.
- 4.13. The programme spend and funding for the General Fund is summarised in Appendix 3. As noted in Section 4.12 the total Capital Programme for the year is £82.640 million. Budget for the period is £2.020 million and spend to the 17 May 2024 is also £2.020 million.
- 4.14. Actual funding received to 17 May 2024 is £40.989 million. Relevant officers will continue to closely monitor the generation of all income including receipts.

## **5. 2024/2025 Housing Programme**

- 5.1. **Housing Programme – 2024/2025 Budget:** Section 3.2 notes that the total approved Housing Capital programme for the year is £77.303 million. The Final Outturn report for financial year 2023/2024 noted a carry forward of £5.203 million into future years. Further analysis of this budget confirms that £3.418 million is required in 2024/2025, with the remainder being carried forward into future years.

- 5.2. In addition, the Scottish Government's Affordable Housing grant for 2024/2025 has now been confirmed. For South Lanarkshire, this will result in a reduction of £3.473 million in the 2024/2025 approved programme. The impact of this is a reduction of 60 in the number of units purchased on the Market Purchase Scheme (down to 60 units from 120, a reduction of £3.000 million). The remaining £0.473m will be met from the reprofiling of spend into future years with discussions ongoing with Scottish Government on the projects that will be grant funded in 2024/25. Future year Affordable Housing grant funding, beyond 2024/2025, has still to be confirmed by the Scottish Government.
- 5.3. It is noted that the Scottish Government have advised that council's will receive a share of the £40 million funding for the National Acquisition Programme in 2024/2025. The Council has not been advised of its share of these monies, but this may allow 30 of the 60 units from the Market Purchase Scheme to be reinstated (refer section 5.2). Once this is confirmed, the programme will be amended accordingly.
- 5.4. As a result of the 2023/2024 carry forward position noted at Section 5.1 and the adjustment at 5.2, a revised programme of £77.248 million is presented for approval for 2024/2025. Programme funding for the year also totals £77.248 million. Appendix 4 summarises the position on the Housing programme as at 17 May 2024.
- 5.5. **Housing Programme – Period 2 Position:** Budget for the period is £5.050 million and spend to 17 May 2024 amounts to £5.050 million. As at 17 May 2024, £5.050 million of funding had been received.

## **6. Employee Implications**

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

## **7. Financial Implications**

- 7.1. The General Services and Housing Programme Programmes and their spend position to 17 May 2024 are detailed in sections 4 and 5 respectively.
- 7.2. 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 this Committee.

## **8. Other Implications**

- 8.1. 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.

## **9. Climate Change, Sustainability and Environmental Implications**

- 9.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

## **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.

**Jackie Taylor**  
**Executive Director (Finance and Corporate Resources)**

7 June 2024

**Link(s) to Council Vision/Priorities/Values**

- ◆ Accountable, Effective, Efficient and Transparent

**Previous References**

- Finance and Corporate Resources Committee, 1 September 2021
- South Lanarkshire Council, 21 February 2024

**List of Background Papers**

- ◆ Capital Ledger prints to 17 May 2024

**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****Community and Enterprise Resources****Three Rivers / Clydesdale Way**

The Three Rivers/Clydesdale Way project, which is being led by Dumfries and Galloway Council, is progressing well. Based on the most recent projections, £2 million will be spent in financial year 2024/2025, with the balance of £5.550 million required in 2025/2026. £2.000m

Approval is therefore sought to increase the 2024/2025 Capital Programme by £2 million. This will be funded from the Levelling Up Funding (total £6.795 million). The remaining £4.795 million will be required in financial year 2025/2026 along with the Council's match funding contribution of £0.755 million. This contribution was approved by the Council previously and moved to financial year 2025/2026 as part of the 2024/2025 Capital Programme Update (February 2024).

**Shawfield Remediation and Development**

Levelling Up Funding totalling £14.638 million was also awarded to the Shawfield Remediation and Development project, which is being led by Clyde Gateway Urban Regeneration Company (URC). This funding will be paid directly to South Lanarkshire on the basis of biannual claims, which will then be released to Clyde Gateway. Due to the scale of this project, it is considered appropriate to include this significant project in the Capital Programme for monitoring purposes. Both the spend and funding will be transferred to revenue at the end of the financial year, to comply with accounting guidelines. £5.400m

Based on the most recent spend profile received from Clyde Gateway URC, £5.4 million of expenditure will be incurred up to the end of this financial year, with the remaining £9.238 million in 2025/2026. Approval is sought to increase the 2024/2025 Capital Programme by £5.400 million.

**Active Travel Infrastructure Fund (previously Cycling Walking and Safer Routes)**

The Active Travel Infrastructure grant allocation from the Scottish Government for 2024/2025 has now been confirmed as £2.122 million. This is an increase of £0.682 million from the funding advised previously and included in the 2024/2025 Capital Programme (Cycling, Walking and Safer Routes £1.440 million – approved 21 February 2024). This will be used to deliver active travel interventions that enhance safety and accessibility of existing infrastructure or introduce new provision to travel safely and more conveniently. Projects include new controlled junctions / crossings to facilitate active travel to a public transport interchange, road safety schemes which also enhance active travel and new walking and cycling infrastructure. £0.682m

**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 £0.700 million into the 2024/25 Capital Programme. Projects to be carried out include the installation of £0.700m

photovoltaic panels at a number of primary schools (£0.505 million) along with the Fleet Services Depot (Vista Point), Blantyre (£0.157 million).

Furthermore, an additional funding bid of £0.152 million has been submitted to the Scottish Power Energy Networks Transmission Net Zero Fund for a PV installation at Rigside Hall. The Council will be required to contribute 20% match funding, therefore an allocation of £0.038 million has also been included in the 2024/2025 programme, subject to the bid being successful. These works will be funded from the CEEF Fund (£0.200 million) along with an additional one-off contribution from reserves of £0.500 million which was approved as an amendment to the 2024/2025 Council Revenue budget.

Minor Adjustments	£0.008m
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<b>TOTAL ADJUSTMENTS</b>	<b>£8.790m</b>
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**APPENDIX 2**

SOUTH LANARKSHIRE COUNCIL  
 CAPITAL EXPENDITURE 2024/25  
 GENERAL FUND PROGRAMME  
 FOR PERIOD 1 APRIL 2024 TO 17 MAY 2024

£m

<b>Total Base Budget</b> (including carry forward from 2023/2024)	<b>73.850</b>
Proposed Adjustments – Period 2	8.790
<b>Total Revised Budget</b>	<b>82.640</b>

<u>Resource</u>	<u>2024/25 Budget</u>	<u>Period 2 Proposed Adjustments</u>	<u>Revised 2024/25 Budget</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Community & Enterprise	50.574	8.090	58.664
Education	8.234	-	8.234
Finance & Corporate	3.086	-	3.086
Housing & Technical	10.929	0.700	11.629
Social Work	1.027	-	1.027
<b>TOTAL CAPITAL PROGRAMME</b>	<b>73.850</b>	<b>8.790</b>	<b>82.640</b>

## APPENDIX 3

SOUTH LANARKSHIRE COUNCIL  
CAPITAL EXPENDITURE 2024/25  
GENERAL FUND PROGRAMME  
FOR PERIOD 1 APRIL 2024 TO 17 MAY 2024

	<u>2024/25</u> <u>Original</u> <u>Estimate inc</u> <u>C/F</u>	<u>2024/25</u> <u>Revised</u> <u>Budget</u>	<u>2024/25</u> <u>Budget to</u> <u>17/05/24</u>	<u>2024/25</u> <u>Actual to</u> <u>17/05/24</u>
<b>Expenditure</b>	£m	£m	£m	£m
<b>General Fund Programme</b>	73.850	82.640	2.020	2.020
<b>Income</b>	<u>2024/25</u> <u>Budget</u>	<u>2024/25</u> <u>Revised</u> <u>Budget</u>		<u>2024/25</u> <u>Actual</u> <u>To</u> <u>17/05/24</u>
	£m	£m		£m
Prudential Borrowing	32.262	32.262		32.262
Developers Contributions	8.800	8.800		0.000
Partners (Including Scotland's Public Sector Heat Decarbonisation Fund, Cycling Scotland, Transport Scotland and Wind Farms)	0.891	0.891		0.128
Scottish Government:				
- Capital Grant	20.156	22.278		3.359
- Cycling, Walking and Safer Routes (now included in General Capital Grant)	1.440	0.000		0.000
- Vacant and Derelict Land	1.793	1.793		1.369
- Regeneration Capital Grant	2.170	2.170		0.993
- Place Based Investment Programme	1.319	1.319		0.921
Shared Prosperity Fund	2.422	2.430		0.000
Levelling Up Fund	0.000	7.400		0.000
Capital Receipts	1.340	1.340		0.000
Specific Reserves	1.257	1.957		1.957
Revenue Contribution	0.000	0.000		0.000
<b>TOTAL FUNDING</b>	<b>73.850</b>	<b>82.640</b>		<b>40.989</b>

SOUTH LANARKSHIRE COUNCIL  
 CAPITAL EXPENDITURE 2024/25  
 HOUSING PROGRAMME  
 FOR PERIOD 1 APRIL 2024 TO 17 MAY 2024

	<u>2024/25</u> <u>Annual</u> <u>Budget</u> £m	<u>2024/25</u> <u>Budget to</u> <u>17/05/24</u> £m	<u>2024/25</u> <u>Actual to</u> <u>17/05/24</u> £m
<b>Expenditure</b>			
2024/25 Budget	77.248	5.050	5.050

	<u>2024/25</u> <u>Annual</u> <u>Budget</u> £m	<u>2024/25</u> <u>Actual to</u> <u>17/05/24</u> £m
<b>INCOME</b>		
Capital Receipts	0.000	0.053
Capital Receipts – Land Sales	0.000	0.000
Capital Funded from Current Revenue	33.506	4.829
Prudential Borrowing	23.677	0.000
Scottish Government Specific Grant:		
- New Build	16.945	0.000
- Open Market Purchase Scheme	3.000	0.000
- Mortgage to Rent	0.120	0.000
Other Income	0.000	0.168
	<u>77.248</u>	<u>5.050</u>