

Report

Report to:	Executive Committee
Date of Meeting:	25 August 2021
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Programme 2021/2022 Update and Monitoring for Period 4 – 1 April 2021 to 16 July 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 2021 to 16 July 2021

2. Recommendation(s)

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

- (1) that the Period 4 position (ended 16 July 2021) of the General Fund Capital Programme itemised at Appendices 1 – 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 16 July 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 23 June 2021 was £85.066 million. A revised programme of £85.415 million is now anticipated, which includes adjustments to the programme totalling an increase of £0.349 million, which are proposed in Appendix 1.

4.2. **Period 4 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 £85.415 million.

- 4.3. Budget for the period is £10.409 million and spend to the 16 July 2021 is £10.547 million, a slight overspend of £0.138 million.
- 4.4. Actual funding received to 16 July 2021 is £56.289 million.
- 4.5. Relevant officers will continue to closely monitor the generation of all income including receipts.

5. Housing Capital Programme

- 5.1. **2021/22 Budget:** Appendix 4 summarises the position on the Housing programme as at 16 July 2021. The revised capital programme for the year is £94.360 million, as approved by the Executive Committee on 23 June 2021. Programmed funding for the year also totals £94.360 million. The funding sources are also detailed in Appendix 4.
- 5.2. The timescales for the New Build Housing Programme are currently being considered and a revised position will be presented to a future meeting of this Committee for approval.
- 5.3. **Period 4 Position:** Budget for the period is £20.360 million and spend to 16 July 2021 amounts to £20.360 million.
- 5.4. As at 16 July 2021, £20.360 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. Contract Prices

- 6.1. In recent months it has been reported nationally that the construction materials supply chain has been subject to unprecedented disruption due to the Coronavirus (COVID-19) Pandemic.
- 6.2. The Construction Leadership Council (CLC) continues to report shortages of construction materials and forecasts this disruption to continue for the foreseeable future. Ongoing engagement with the Council's suppliers confirms that materials shortages, longer lead times and steep price increases will continue to impact their supply chain. This means there is therefore a risk of significant impact on the delivery of the Council's capital and maintenance / repair programmes. The impact could cause project delays due to required redesign, or cost increases, as is already being experienced by Property and Roads Services.
- 6.3. Recent experience is that tenders have been submitted significantly above our expectations, especially in relation to the Housing Fabric programme. To that end, Housing and Technical Resources are currently reviewing whether this work should continue in the short term, knowing that these prices will be inflated and materials difficult to source.
- 6.4. Mini tenders within Roads Service are also being returned higher than contracted rates and when attempts are made to direct award contractors have been declining. These additional costs are being managed within overall budget allocations at present. Further updates will be provided in the coming months with any significant increases in contract values being brought to members' attention.

7. Employee Implications

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

8. Financial Implications

8.1. The financial implications are contained in sections 4 and 5 of the report for the General Services and Housing capital programmes respectively.

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. Other Implications

10.1. 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.

10.2. As noted at Section 6, 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 increases in contract values being brought to members' attention.

11. Equality Impact Assessment and Consultation Arrangements

11.1. 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.

11.2. 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)

4 August 2021

Link(s) to Council Values/Ambitions/Objectives

- Accountable, Effective, Efficient and Transparent

Previous References

- Executive Committee, 23 June 2021

List of Background Papers

Capital Ledger prints to 16 July 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 2021 TO 16 JULY 2021

Proposed Adjustments

Community and Enterprise Resources

Hamilton Mausoleum

The project to replace the lead and guttering on both the flat roofs and dome at Hamilton Mausoleum (£0.475m) is ongoing. During the progression of these initial lead and guttering works, it has been discovered that additional works totalling £0.138m have also been considered necessary. £0.138m
(£0.138m)

These additional works include stonework repairs required to prevent further water ingress to the building and the replacement of the lightning protection system, which is non-compliant with current regulations. These additional works are being progressed to take advantage of the scaffolding which has already been erected as part of the original roofing works project. Approval is sought to transfer funding of £0.138m from the Prioritised Urgent Investment Fund to fund these additional works. This will augment the existing 2021/2022 allocation for this project of £0.395m.

Tom Craig Centre Hall, Sports Pavilion and Pitches, Law

The refurbishment of the Tom Craig Centre Hall, Law and upgrading of the sports pavilion and pitches is ongoing. The project had a total budget allocation of £0.136m of which £0.050m remains and is included in the 2021/2022 Capital Programme and will be fully spent this year. £0.052m
(£0.052m)

However, it has been discovered that part of the roof needs to be replaced at an additional cost of £0.052m. These works are being progressed as part of the original project to avoid delay. Approval is sought to transfer funding of £0.052m from the Prioritised Urgent Investment Fund to fund these additional works in 2021/2022.

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. £0.349m

Approval is sought to add energy efficiency projects totalling £0.349m into the 2021/22 Capital Programme. Projects to be carried out include external LED Lighting in various primary schools including: Greenhills, High Blantyre, Law, St Bride's, St Columbkille's, St Elizabeth's and St Hilary's. In addition, photovoltaic panels will be installed at South Lanarkshire Lifestyles Eastfield. These works will be funded from the CEEF Fund.

Minor Adjustments £0.000m
TOTAL ADJUSTMENTS £0.349m

APPENDIX 2

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2021/22
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2021 TO 16 JULY 2021

£m

Total Budget	85.066
Proposed Adjustments – Period 4	0.349
Total Revised Budget	85.415

<u>Resource</u>	<u>2021/22 Budget</u>	<u>Period 4 Proposed Adjustments</u>	<u>Revised 2021/22 Budget</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Community & Enterprise	46.735	0.190	46.925
Education	20.400	-	20.400
Finance & Corporate	2.776	-	2.776
Housing & Technical	8.387	0.159	8.546
Social Work	6.768	-	6.768
TOTAL CAPITAL PROGRAMME	85.066	0.349	85.415

APPENDIX 3

**SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2021/22
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2021 TO 16 JULY 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>16/07/21</u>	<u>2021/22</u> <u>Actual to</u> <u>16/07/21</u>
Expenditure	£m	£m	£m	£m
General Fund Programme	85.066	85.415	10.409	10.547
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>16/07/21</u>
	£m	£m		£m
Prudential Borrowing	40.289	40.289		40.289
Developers Contributions	4.474	4.474		3.129
Partners (Including SPT, Sustrans, Clyde Wind Farm and CARES)	4.647	4.647		0.101
Scottish Government:				
- Capital Grant	21.362	21.362		3.560
- Cycling, Walking and Safer Routes	1.912	1.912		0.000
- Vacant and Derelict Land	0.831	0.831		0.416
- Early Years 1,140 Hours	2.024	2.024		2.024
- Regeneration Capital Grant	1.230	1.230		0.510
- 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
- Gypsy Travellers	0.107	0.107		0.107
Glasgow City Region City Deal	2.386	2.386		0.000
Specific Reserves	1.024	1.373		1.373
TOTAL FUNDING	85.066	85.415		56.289

SOUTH LANARKSHIRE COUNCIL
 CAPITAL EXPENDITURE 2021/22
 HOUSING PROGRAMME
 FOR PERIOD 1 APRIL 2021 TO 16 JULY 2021

	<u>2021/22</u> <u>Annual</u> <u>Budget</u> £m	<u>2021/22</u> <u>Budget to</u> <u>16/07/21</u> £m	<u>2021/22</u> <u>Actual to</u> <u>16/07/21</u> £m
Expenditure			
2021/22 Budget Incl. adjustment from 2020/21	94.360	20.360	20.360

	<u>2021/22</u> <u>Annual</u> <u>Budget</u> £m	<u>2021/22</u> <u>Actual to</u> <u>16/07/21</u> £m
INCOME		
Capital Funded from Current Revenue	19.637	19.637
Prudential Borrowing	63.010	0.127
Scottish Government Specific Grant:		
- New Build	9.433	0.596
- Open Market Purchase Scheme	2.160	0.000
- Mortgage to Rent	0.120	0.000
	<u>94.360</u>	<u>20.360</u>