



Report

Report to:	Executive Committee
Date of Meeting:	29 June 2022
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Budget 2022/2023 and Monitoring for Period 2 - 1 April 2022 to 20 May 2022
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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 2022/2023 Capital Programme including 2021/2022 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 Councils Housing stock.
- ♦ update members of progress on the Capital Programme for the period 1 April 2022 to 20 May 2022.

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 Appendices 2 to 3 and the Housing Capital Programme at Appendix 4 be approved;
- (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. South Lanarkshire Council (23 February 2022) approved a General Services base budget of £82.284 million for financial year 2022/2023. Since the approval of this programme, the financial year end and additional funding received will mean an adjustment to the 2022/23 Capital Programme set.
- 3.2. A total Housing Capital Programme budget for 2022/2023 was also approved by Council in February 2022. This included funding carried forward from previous years and gave a total programme of £52.230 million.

- 3.3. The attached statements to this report provide an update on the Capital programmes as well as a summarised monitoring position as at 20 May 2022 (Period 2). Spending has been split into two separate sections below:
- ◆ General Fund Capital Programme inc. Education, Social Work, Roads and General Services (Section 4)
 - ◆ Housing Capital Programme (Section 5)
4. **2022/2023 Capital Programmes**
- 4.1. **General Fund – 2022/23 Budget:** Section 3.1 notes that the base programme for the General Fund is £82.284 million, as approved by Council in February 2022. This will be affected by the adjustments detailed below.
- 4.2. **2021/22 Carry Forward:** As reported in the Final Outturn Report for 2021/2022, a separate report to this meeting, a carry forward total of £11.145 million will ensure sufficient budget is available to conclude ongoing projects within the General Fund Capital Programme.
- 4.3. **Additional Funding (2021/2022):** At the end of 2021/2022, additional funding was received and used to fund expenditure incurred in that year. This includes additional developer contributions for projects, funding for contractor claims and revenue funding for projects. The net total of this is an increase to the programme of £0.772 million and this needs to be added to the overall expenditure budget being carried into 2022/2023.
- 4.4. **Transfers to/from Revenue:** The original budget for 2022/23 included an allocation of £1.000 million for Private Housing Scheme of Assistance and £4.8 million for Planned Asset Management. Following a review of these programmes of works, it has been identified that some of the expenditure cannot be classed as Capital. Therefore, it is proposed that budget of £4.000m will be transferred to Housing and Technical Resource's Revenue budget and details of these are included in the bullets below.
- Planned Asset Management (£3.000m of the £4.8 million)
 - Private Housing Scheme of Assistance project (the total of £1.000m)
- 4.5. The total overall budget for Planned Asset Management, across capital and revenue, remains at £4.8 million. While current estimates show that £3.000 million of the Planned Asset Management requires to be classified as Revenue, the remaining spend across the year will be reviewed to ensure it is classed appropriately (as Revenue or Capital), and any further movement reported to a future meeting.
- 4.6. Conversely, expenditure in relation to investment in roads carriageways is currently funded through the Roads Services Revenue budget but should be categorised as capital spend. It is proposed that budget totalling £1.531million be transferred to the 2022/2023 Capital Programme. As with Planned Maintenance, the total overall budget for carriageways across capital and revenue remains unchanged.
- 4.7. The result of the adjustments noted at sections 4.4 to 4.6 is a net transfer to Revenue of £2.469 million. Capital expenditure can be funded by Revenue monies, however, Revenue spend cannot be paid for from Capital funding. The Council's Capital programme includes funding that can be used for revenue spend, such as contributions from the Revenue budget. We are, therefore, able to move funding

between the Capital and Revenue Programmes and deliver all the projects as planned. This is an accounting transaction only.

- 4.8. **Footpaths and Roads Improvement Fund:** As part of the 2022/2023 Revenue Budget, members approved investment in a Footpaths and Roads Improvement Fund totalling £2.500 million. This needs to be added to the Capital Programme.
- 4.9. **Clyde Bridge Replacement:** The capital cost of replacing Clyde Bridge is estimated at £7.250 million. The Council has already provided funding of £3.500 million for this project and a Section 36c report approved the balance of £3.750 million, of which £2.491 million is already included within the approved 2022/2023 Capital Programme. Of the remaining funding of £1.259 million, £1.000 million is income from a developer in relation to works delivered and funded by the Council in 2019. This £1.000 million will be added to the 2022/2023 Capital Programme. The balance of £0.259 million (if required) will be met from the Roads Carriageways and Associated Infrastructure Capital allocation into 2023/2024.
- 4.10. **2022/2023 General Services Base Budget Position:** Taking into account the movements noted in 4.2 to 4.9, the General Services Programme for 2022/2023 is now £95.232 million. This is the base budget for the financial year. This is summarised in Table 1 and is shown, in detail, in Appendices 2 and 3 to this report.

Table 1 – 2022/2023 General Services Base Budget

	2022/23 £m
Approved Programme – 23 February 2022 (Section 3.1)	82.284
2021/22 Carry Forward (Section 4.2)	11.145
2021/2022 Additional Funding Received (Section 4.3)	0.772
Transfers to Revenue (Section 4.4 – 4.5)	(4.000)
Transfers from Revenue (Section 4.6)	1.531
Footpaths and Roads Improvement Fund (Section 4.8)	2.500
Standing Order Section 36c – Approved March 2022 - Clyde Bridge Replacement (Section 4.9)	1.000
2022/2023 General Services Base Budget	95.232

- 4.11. **General Fund – Period 2 Position:** Since the budget was approved in February 2022, additional funding of £6.372 million has been awarded to the Council. In addition, Social Work Resources have also proposed a profiling adjustment of £2.070 million to reflect the timing of spend on the Community Alarm project. These adjustments total a net increase of £4.302 million and are included in Appendix 1 for approval. If these proposals are approved, the total capital spending programme for the year will be £99.534 million.
- 4.12. The programme spend and funding for the General Fund is summarised in Appendix 2. As noted in Section 4.11, the total Capital Programme for the year is £99.534 million. Budget for the period is £2.098 million and spend to the 20 May 2021 is £2.098 million.
- 4.13. Actual funding received to 20 May 2020 is £68.567 million. Relevant officers will continue to closely monitor the generation of all income, including receipts.

5. 2022/2023 Housing Programme

5.1. **Housing Programme – 2022/2023 Budget:** As detailed at Section 3.2, the total Housing Capital programme for the year is £52.230 million, as approved by the Council in February 2022. Programme funding for the year also totals £52.230 million. Appendix 5 summarises the position on the Housing programme as at 20 May 2022. The Resource is still expecting to spend to this level, however, work will continue to monitor achievable spend in the coming months.

5.2. **Housing Programme – Period 2 Position:** Budget for the period is £3.289 million and spend to 20 May 2022 amounts to £3.289 million. As at 20 May 2022, £3.289 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 20 May 2022 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.

8.2. 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.

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.

Paul Manning

Executive Director (Finance and Corporate Resources)

7 June 2022

Link(s) to Council Vision/Priorities/Values

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ South Lanarkshire Council (Special), 23 February 2022

List of Background Papers

- ◆ Capital Ledger prints to 20 May 2022

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

Renewal of Play Parks

As reported to Executive Committee (September 2021), the Scottish Government have allocated £60 million of capital funding to Local Authorities to renew play parks across Scotland. The second £5 million has been allocated in 2022/2023 and South Lanarkshire's share of this is £0.296 million, which will be distributed via the General Capital Grant. Distribution of the remaining £50 million funding in future years has still to be confirmed.

Approval is sought to increase the 2022/2023 Capital Programme by £0.296 million, reflecting South Lanarkshire's in-year allocation. A report will be presented to the Community and Enterprise Resources Committee in October 2022 providing an update on how this funding could be allocated to projects. £0.296m

Nature Restoration Fund

Scottish Government have confirmed the next phase of Nature Restoration Fund (NRF) capital funding of £5 million to be spent in 2022/2023 to support new, or to enhance existing, approaches to restoring biodiversity across Scotland. South Lanarkshire have been allocated £0.188 million in 2022/2023, which will be distributed via the General Capital Grant. £0.188m

Approval is sought to increase the 2022/2023 Capital Programme by £0.188 million and officers are currently working to identify proposals for projects which could be delivered in-year.

Springhall Cage – Additional Play Equipment

Approval is sought to increase the 2022/23 Capital Programme by £0.020 million for the addition of a new piece of play equipment at the Springhall Cage play area. This will be funded by a contribution from the Big Lottery Fund. £0.020m

Coronation Crescent – Play Equipment

Approval is sought to increase the 2022/23 Capital Programme by £0.010 million to allow the addition of new play equipment and safer surfacing. The project will be funded by a contribution from the Strutherill and Birkenshaw Our Place Our Plan Community Group. £0.010m

Place Based Investment Programme

Funding from the Scottish Government of £1.740m has been confirmed for the next phase of the Place Based Investment Programme. In line with previous years the funds are open to communities to bid for grants to support projects. £1.740m

Approval is sought to increase the 2022/2023 Capital Programme by £1.740 million. The allocation of this funding to specific projects will be undertaken by the Executive Director of Community and Enterprise, through delegated authority as approved by the Community and Enterprise Resources Committee in December 2021. An update will be presented in a separate report to the next Community and Enterprise Resources Committee in August 2022.

Hamilton HUB

Approval is sought to increase the 2022/23 Capital Programme by £0.300m to reflect an additional award received from the Scottish Government's Regeneration Capital Grant Fund towards the new Hamilton Hub project at the New Cross Centre in Hamilton. This will augment the original allocation from the Regeneration Capital Grant Fund (£0.720m) and contributions from the Town Centre Regeneration Fund (£0.250m) and Place Based Investment Fund (£0.300m) which were added to the Capital Programme previously and results in total investment of £1.570 million. £0.300m

Strathclyde Partnership for Transport (SPT)

Strathclyde Partnership for Transport have awarded this Council £1.695 million to progress a number of schemes during 2022/2023: £1.695m

Bus Infrastructure Improvements	£0.158m
National Strategic Cycle Routes	£0.400m
Route Action Plans	£0.200m
Bus Route Congestion Reduction Measures	£0.415m
Hairmyres Station Park and Ride	£0.081m
Lanark Interchange	<u>£0.441m</u>
Total	£1.695m

The above allocations are net of funding of £0.080 million carried forward from 2021/2022. Approval is sought to increase the 2022/2023 Capital Programme by £1.695 million.

Electric Vehicle Charging Infrastructure

Funding has been made available to develop a public electric vehicle charging network. Approval is sought to increase the 2022/23 Capital Programme by £0.060 million which will be funded by a contribution from Transport Scotland. This will fund the development of a Public Electric Vehicle Charging Strategy and Infrastructure Expansion Plan. £0.060m

Cycling Walking and Safer Routes

The Council's Cycling, Walking and Safer Routes grant allocation from the Scottish Government for 2022/2023 has now been confirmed as £2.054 million. This is an increase of £0.650 million from the funding advised previously and included in the 2022/2023 Capital Programme (£1.404m - approved 23 February 2022). This will be used to deliver road safety and infrastructure improvement schemes including road safety schemes at schools, route action plans and new walking & cycling facilities infrastructure. £0.650m

Local Authority Direct Resource Grant

The Scottish Government have provided specific grant funding to help local authorities address some of the delivery challenges associated with active travel schemes, to help evidence the value of active travel schemes locally and show progress in increasing active travel nationally. Approval is sought to increase the 2022/2023 Capital Programme by a further £0.083 million. £0.083m

This funding will be used to develop Active Travel Plans (ATP) within the Lesmahagow/Kirkmuirhill Area, Biggar/Symington Area, Forth/Carnwath Area and Douglas/Abington/Crawford Area. These ATP's will complement existing ATP's.

Education Resources

Education ASN Adaptations / Mainstream Growth

Education Resources have identified a number of essential adaptations totalling £0.500 million, which will provide additional accommodation for ASN pupils and to accommodate for mainstream pupil growth. These works are considered necessary in advance of the new session commencing in August 2022 and will be funded from Reserves. £0.500m

Castlefield Primary School – Extension

The 2022/23 capital programme includes an allocation of £0.250 million to allow a two-classroom extension to Castlefield Primary School to commence on site early in 2023. £0.750m

Approval is sought to increase the 2022/23 Capital Programme by a further £0.750m to allow the project to commence on site earlier than previously anticipated, during Summer 2022. The project will be funded from developer's contributions.

Larkhall Academy – Adaptations

There is currently an allocation of £0.300m included within the 2022/2023 Capital Programme to undertake adaptations to Larkhall Academy to increase capacity of the ASN Base. The project was delayed from financial year 2021/22 due to the impact of Covid-19 on the provision of materials. The project has now been re-tendered at a revised cost of £0.340 million. £0.040m

It is proposed that the 2022/2023 Capital Programme be increased by a further £0.040 million to allow this project to be undertaken during Summer 2022. This increase will be funded by developers' contributions from the Larkhall Community Growth Area.

Social Work Resources

Community Alarms Replacement

The Scottish Government have awarded grant funding of £0.080 million towards the costs of service development for the transition of Telecare Services from analogue to digital. £0.040 million of this funding was received and utilised in financial year 2021/2022. Approval is sought to increase the 2022/2023 Capital Programme by £0.040 million to reflect the remaining funding received. £0.040m

In addition to the above, the 2022/23 Capital Programme includes an allocation of £2.741 million to progress the replacement of Community Alarms. The first batch of alarms are being purchased now, with further roll out into 2023/24. Approval is sought to allow slippage of £2.070 million into the 2023/24 Capital Programme, based on the timing of costs now that the project team are in place. (£2.070m)

Minor Adjustments

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TOTAL ADJUSTMENTS

£4.302m

APPENDIX 2

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2022/23
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2022 TO 20 MAY 2022

£m

Total Base Budget (including carry forward from 2021/2022) **95.232**

Proposed Adjustments – Period 2 (Appendix 1) 4.302

Total Revised Budget **99.534**

	<u>2022/23</u> <u>Budget</u>	<u>Period 2</u> <u>Proposed</u> <u>Adjustments</u>	<u>Revised</u> <u>2022/23</u> <u>Budget</u>
<u>Resource</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Community & Enterprise	59.381	5.042	64.423
Education	14.838	1.290	16.128
Finance & Corporate	3.695	-	3.695
Housing & Technical	8.125	-	8.125
Social Work	7.393	(2.030)	5.363
Other Match Funding	1.800	-	1.800
TOTAL CAPITAL PROGRAMME	95.232	4.302	99.534

APPENDIX 3

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2022/23
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2022 TO 20 MAY 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>20/05/22</u>	<u>2022/23</u> <u>Actual to</u> <u>20/05/22</u>
Expenditure	£m	£m	£m	£m
General Fund Programme	95.232	99.534	2.098	2.098
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>20/05/22</u>
	£m	£m		£m
Prudential Borrowing	58.888	56.878		56.878
Developers Contributions	4.116	4.906		1.264
Partners (Including High Blantyre Construction, SPT and Sustrans)	1.265	2.990		1.665
Scottish Government:				
- Capital Grant	22.424	22.908		3.787
- Cycling, Walking and Safer Routes	2.058	2.791		0.000
- Vacant and Derelict Land	1.820	1.820		1.083
- Regeneration Capital Grant	1.000	1.300		0.807
- Town Centre Regeneration Fund	0.101	0.101		0.101
- Place Based Investment Programme	1.617	3.357		1.617
- Electric Vehicle Charging Infrastructure	0.207	0.207		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		0.000
Specific Reserves	0.705	1.205		1.205
Revenue Contribution	0.031	0.031		0.031
TOTAL FUNDING	95.232	99.534		68.567

APPENDIX 4

SOUTH LANARKSHIRE COUNCIL
 CAPITAL EXPENDITURE 2022/23
 HOUSING PROGRAMME
 FOR PERIOD 1 APRIL 2022 TO 20 MAY 2022

	<u>2022/23</u> <u>Annual</u> <u>Budget</u> £m	<u>2022/23</u> <u>Budget to</u> <u>20/05/22</u> £m	<u>2022/23</u> <u>Actual to</u> <u>20/05/22</u> £m
Expenditure			
2021/22 Budget Incl. adjustment from 2020/21	52.230	3.289	3.289
	<u>2022/23</u> <u>Annual</u> <u>Budget</u> £m		<u>2022/23</u> <u>Actual to</u> <u>20/05/22</u> £m
INCOME			
Capital Receipts – Land Sales	0.000		0.007
Capital Funded from Current Revenue	26.050		3.282
Prudential Borrowing	22.018		0.000
Scottish Government Specific Grant:			
- New Build	2.242		0.000
- Open Market Purchase Scheme	1.800		0.000
- Mortgage to Rent	0.120		0.000
	<u>52.230</u>		<u>3.289</u>