

Report

Report to:	Executive Committee
Date of Meeting:	10 March 2021
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Programme 2020/2021 – Monitoring for Period 11 – 1 April 2020 to 29 January 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 2020 to 29 January 2021.

2. Recommendation(s)

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

- (1) that the Period 11 position (ended 29 January 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 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 29 January 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. Financial Implications

4.1. General Fund Capital Programme – 2020/2021 Budget

The revised budget agreed at Executive Committee on 10 February 2021 was £80.648 million. This includes budget for Covid-19 of £7.891 million. There are no new adjustments proposed in this report.

4.2. **2020/21 Outturn:** Work has been ongoing to clarify the predicted spend position for the General Services Capital Programme for this financial year and this has been broken down into two specific elements. The costs associated with Covid-19 are detailed in sections 4.3 and 4.4, with the Resource position (excluding the costs of Covid-19) detailed in sections 4.5 to 4.7. In summary, excluding the cost of Covid-19, there is an expected Resource underspend of £7 million linked to the anticipated timing of project spend.

- 4.3. **Covid Costs:** The capital programme currently includes an element of budget for capital costs associated with Covid-19, estimated at £7.891 million. Current estimates are anticipated at £6.6 million and include £4.6 million of costs from Property Services (overheads which will be allocated against individual projects before the end of the financial year), £1.4 million of contractor claim costs in relation to Greenhills Road within Community and Enterprise Resources and £0.6 million relating to a number of Education projects.
- 4.4. As reported previously, there is currently £1.291 million of budget available to support further Covid-19 costs, should they materialise. Depending on how the revenue position progresses towards the end of the financial year, and how the Council chooses to use the Fiscal Flexibilities available, a change to the approach may be considered which would be to use Revenue funding instead of Capital to cover these additional capital costs. This would reduce the burden on the Council's Capital programme. This will continue to be monitored.
- 4.5. **Resources' Position:** Removing the budget and costs associated with Covid-19, the current estimates from Housing and Technical Resources suggest an outturn of £65.7 million. Against the budget of £72.757 million (excluding the budget of £7.891million for Covid-19 per section 4.3), this outturn means an underspend across Resources of £7 million and relates mainly to projects within Community and Enterprise Resources (£2.6 million), Education Resources (£2.3 million), Housing and Technical resources (£1.5 million), Finance and Corporate Resources (£0.4 million) and Social Work Resources (£0.2 million).
- 4.6. As reported to this Committee previously, the majority of the total £7 million outturn variance is due to the timing of spend, resulting in budget required in 2021/22 rather than 2020/21. The progression of a number of projects has been impacted by the ongoing lockdowns due to Covid-19.
- 4.7. These underspends have been partially offset by a few project overspends predicted this financial year. Again, this is a timing issue only with funding for the overall spend on these projects already identified. This includes an additional £0.5 million spend now projected for Cambuslang Park and Ride. It is anticipated that this additional expenditure will be funded by a grant from Strathclyde Passenger Transport (SPT). This has still to be formally confirmed.
- 4.8. A list of the main projects which are responsible for the underspend of £7 million and which will now complete in 2021/22 is included in Appendix 3, along with their anticipated completion dates.
- 4.9. The outturn of £65.700 million is a decrease of £1.3 million compared to the position reported at period 10 (£67 million). The decrease in outturn mainly reflects revised project timescales on a number of projects identified this period and movement in the projects already identified in Appendix 3.
- 4.10. The projects include: City Deal - Glengowan Primary School Extension (£0.300m), external works at Springhall Community Facility (£0.150m), Kilbride Early Learning Centre (£0.800m), Lightburn Early Learning Centre (£0.100m) and the Gypsy Travellers project at Swinhill (£0.050m). In addition, Active Travel Network East Kilbride (£0.100m) and School Outdoor Environments (£0.100m), will now not complete until mid to late April 2021. An extension will be sought from Sustrans to carry forward this funding into 2021/2022. No further spend will be required this

financial year on the completed roads project at Hamilton International Technology Park (£0.150m). Existing Appendix 3 project movements include Prioritised Urgent Investment (£0.050m).

- 4.11. These reductions have been offset by an additional £0.500 million spend now projected for Cambuslang Park and Ride, as discussed at Section 4.7.
- 4.12. **General Fund – Period 11 Position:** The programme spend and funding for the General Fund is summarised in Appendices 1 and 2. As noted in 4.1, the total capital spending programme for the year is £80.648 million.
- 4.13. Spend to the 29 January 2021 is £45.575 million.
- 4.14. Actual funding received to 29 January 2021 is £63.057 million.
- 4.15. Relevant officers will continue to closely monitor the generation of all income including receipts.

5. Housing Investment Programme – 2020/21 Budget:

- 5.1. The revised capital programme for the year is £48.172 million, as approved by the Executive Committee on 23 September 2020 and shown in Appendix 4. Programmed funding for the year also totals £48.172 million. There are no new adjustments proposed in this report.
- 5.2. **2020/21 Outturn:** In terms of the Housing Capital Programme, current estimates from Housing and Technical Resources suggest an outturn of £48.172 million.
- 5.3. **Housing Investment Programme – Period 11 Position:** Budget for the period is £31.726 million and spend to 29 January 2021 amounts to £31.578 million.
- 5.4. As at 29 January 2021, £31.578 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. Employee Implications

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

7. Climate Change, Sustainability and Environmental Implications

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

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. Equality Impact Assessment and Consultation Arrangements

- 9.1. 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.

- 9.2. 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)

17 February 2021

Link(s) to Council Values/Ambitions/Objectives

- Accountable, Effective, Efficient and Transparent

Previous References

- Executive Committee, 23 September 2020
- Executive Committee, 10 February 2021

List of Background Papers

Capital Ledger prints to 29 January 2021

Contact for Further Information

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

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APPENDIX 1

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2020/21
GENERAL SERVICES PROGRAMME
FOR PERIOD 1 APRIL 2020 TO 29 JANUARY 2021

£m

Total Budget **80.648**

Proposed Adjustments – Period 11 0.000

Total Revised Budget **80.648**

	<u>2020/21</u> <u>Budget</u>	<u>Period 11</u> <u>Proposed</u> <u>Adjustments</u>	<u>Revised</u> <u>2020/21</u> <u>Budget</u>
<u>Resource</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Community & Enterprise	37.622	-	37.622
Education	24.480	-	24.480
Finance & Corporate	3.282	-	3.282
Housing & Technical	6.529	-	6.529
Social Work	0.844	-	0.844
Total Resources Capital Programme	72.757	-	72.757
Additional Costs	7.091	-	7.091
Housing and Technical Resources – Additional Overheads	0.800	-	0.800
TOTAL CAPITAL PROGRAMME	80.648	-	80.648

APPENDIX 2

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2020/21
GENERAL FUND PROGRAMME
FOR PERIOD 1 APRIL 2020 TO 29 JANUARY 2021

	<u>2020/21</u> <u>Original</u> <u>Budget</u> <u>(inc C/F)</u>	<u>2020/21</u> <u>Revised</u> <u>Budget</u>	<u>2020/21</u> <u>Actual to</u> <u>29/01/21</u>
Expenditure	£m	£m	£m
General Fund Programme	81.003	80.648	45.575
Income	<u>2020/21</u> <u>Original</u> <u>Budget</u>	<u>2020/21</u> <u>Revised</u> <u>Budget</u>	<u>2020/21</u> <u>Actual to</u> <u>29/01/21</u>
	£m	£m	£m
Prudential Borrowing	27.782	27.009	27.009
Developers Contributions	7.021	2.103	0.459
Partners (Including SPT, Sustrans, Blantyre Construction Ltd, Transport Scotland, and Renewable Energy Fund)	5.291	4.550	0.503
Scottish Government:			
- General Capital Grant	21.373	21.373	17.811
- Cycling, Walking and Safer Streets	1.497	1.497	-
- Vacant and Derelict Land	1.000	1.000	1.000
- Early Years 1,140 Hours	12.829	11.429	11.429
- Regeneration Capital Grant	0.482	1.482	-
- Town Centre Regeneration Fund	1.095	1.997	1.997
- Travelling People's Sites	-	0.133	0.133
- Digital Inclusion	-	1.253	-
- COVID-19 Mitigation for School Transport	-	0.072	0.023
Glasgow City Region City Deal	-	4.057	-
Specific Reserves	1.133	1.295	1.295
Revenue Contribution	1.500	1.398	1.398
TOTAL FUNDING	81.003	80.648	63.057

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2020/21
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2020 TO 29 JANUARY 2021

Projects with Underspends in 2020/21		
Project Name	Project Type	Completion Date
Community and Enterprise Resources:		
Town Centre Regeneration Fund	Regeneration	September 2021
Hamilton HUB - New Cross Shopping Centre	Regeneration	March 2022
Abington Campus for Enterprise	Regeneration	December 2021
Extension of Cemeteries	Land Purchase	Throughout 2021/22
Memorial Headstones	Remedial works	Throughout 2021/22
Springhall Community Centre Upgrade	External Works	Spring 2021
Glengowan Primary School Extension (Glasgow City Region City Deal Programme)	Extension / Adaptations	Late Spring / Summer 2022
Calderside Academy (Glasgow City Region City Deal Programme)	Extension / Adaptations	December 2023
Roads Investment Programme	Roads	Throughout 2021/22
Sustrans - Active Travel Network East Kilbride	Roads	April 2021
Sustrans - School Outdoor Environments	Roads	April 2021
Education Resources:		
St Charles Primary School - Additional Classroom	Extension	April 2021
St Mark's Primary School, Hamilton - Extension	Extension	June 2022
Kilbride Early Learning Centre (previously Netherton Road Nursery/ South Park)	New Build	May 2021
Lightburn Early Learning Centre, Cambuslang (previously Mill Road)	New Build	April 2021
Education Information Communication Technology	ICT	Throughout 2021/22
Auchingramont Road	New Build	June 2021
Small Scale Adaptations	Adaptations	Throughout 2021/22
Finance and Corporate Resources:		
IT Infrastructure Refresh	Infrastructure	May 2021
New Website / CRM / MDM / Customer Portal /Integration Tools	Infrastructure	May 2021
Housing and Technical Resources:		
Prioritised Urgent Investment	Refurbishment	Throughout 2021/22
Civic Centre Fabric Upgrade	Refurbishment	Throughout 2021/22
Central Energy Efficiency Fund 2020/21 Programme	Refurbishment	Throughout 2021/22
Gypsy Traveller Sites – Swinhill	Refurbishment	Throughout 2021/22

APPENDIX 4

SOUTH LANARKSHIRE COUNCIL
CAPITAL EXPENDITURE 2020/21
HOUSING PROGRAMME
FOR PERIOD 1 APRIL 2020 TO 29 JANUARY 2021

	<u>2020/21</u> <u>Annual</u> <u>Budget</u> £m	<u>2020/21</u> <u>Budget to</u> <u>29/01/21</u> £m	<u>2020/21</u> <u>Actual to</u> <u>29/01/21</u> £m
EXPENDITURE			
2020/21 Budget	48.172	31.726	31.578
Incl. carry forward from 2019/20			
	<u>2020/21</u> <u>Annual</u> <u>Budget</u> £m		<u>2020/21</u> <u>Actual to</u> <u>29/01/21</u> £m
INCOME			
Land Sales	-		0.139
Capital Funded from Current Revenue	18.134		18.134
Prudential Borrowing	9.994		4.227
Scottish Government Specific Grant:			
– New Build	18.124		8.218
– Open Market Purchase Scheme	1.800		0.765
– Mortgage to Rent	0.120		0.095
TOTAL FUNDING	48.172		31.578