

# Report

Report to:	<b>Executive Committee</b>
Date of Meeting:	<b>10 February 2021</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Capital Programme 2020/2021 – Monitoring for Period 10 – 1 April 2020 to 1 January 2021</b>
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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 1 January 2021.

## 2. Recommendation(s)

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

- (1) that the Period 10 position (ended 1 January 2021) of the General Fund Capital Programme itemised at Appendices 2 to 4 and the Housing Capital Programme at Appendix 5, be noted;
- (2) that the adjustments to the General Fund programme listed at Appendix 1, be approved;
- (3) that the saving of £0.300 million on the Roads Investment Programme, detailed at section 4.10, be carried forward and used to undertake additional projects in 2021/2022, be approved;
- (4) 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 1 January 2021. Spending has been split into two separate sections:

- ◆ General Fund Capital Programme including Education, Social Work, Roads and Transportation and General Services (Sections 2- 4)
- ◆ Housing Capital Programme (Section 5)

## 4. Financial Implications

### 4.1. General Fund Capital Programme – 2020/2021 Budget

The budget agreed at Executive Committee on 16 December 2020 was £83.433 million. A revised programme of £80.648 million is now anticipated, which includes adjustments to the programme totalling an increase of £0.627 million, which are proposed in Appendix 1.

In addition, this revised programme of £80.648 million includes accounting adjustments to the programme totalling a net decrease of £3.412 million. This is explained in sections 4.2 and 4.3.

- 4.2. **Accounting Requirements:** Following a review of the 2020/2021 Capital Programme, it has been identified that to comply with accounting rules, some of the expenditure projects should be reported through the revenue budget as they cannot be classed as capital works. It is therefore proposed that budget of £4.112 million be transferred to Resources' Revenue budgets, along with the relevant funding. The expenditure projects are detailed below.
- Planned Asset Management (£3.000 million)
  - Private Housing Scheme of Assistance project (£0.750 million)
  - Digital Transformation - Licences (£0.362 million)
- 4.3. Conversely, expenditure in relation to Education Information Communication Technology (ICT) is currently funded through the Education Resources Revenue Budget, but on examination, the nature of the spend would more appropriately sit as part of the Capital Programme. It is proposed that budget totalling £0.700 million be transferred to Capital. As with Planned Maintenance, the total overall budget for Education ICT across capital and revenue remains unchanged.
- 4.4. Taking account of these movements (sections 4.2 and 4.3), along with the proposed adjustments in Appendix 1, a revised budget of £80.648 million is presented in Appendix 2. This includes budget for Covid-19 of £7.891 million. There are no other budget adjustments proposed in this report.
- 4.5. **2020/2021 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 4.6 and 4.7, with the Resource position (excluding the costs of Covid-19) detailed in sections 4.8 to 4.10. In summary, excluding the cost of Covid, there is an expected Resource underspend of £5.7 million, linked to the anticipated timing of project spend.
- 4.6. **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.
- 4.7. As a result, 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.
- 4.8. **Resources' Position:** Removing the budget and costs associated with Covid-19, the current estimates from Housing and Technical Resources suggest an outturn of £67

million. Against the budget of £72.757 million (excluding the budget of £7.891million for Covid-19 per section 4.6), this outturn means an underspend across Resources of £5.7 million and relates mainly to projects within Community and Enterprise Resources (£2.4 million), Education Resources (£1.3 million), Housing and Technical resources (£1.4 million), Finance and Corporate Resources (£0.4 million) and Social Work Resources (£0.2 million).

- 4.9. The majority of the variance is due to the timing of spend, resulting in budget required in 2021/2022 rather than 2020/2021. The progression of a number of projects has been impacted by the ongoing lockdowns due to Covid-19. 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.
- 4.10. In addition, £0.300m relates to savings achieved on works completed within the Roads Investment Programme this financial year. It is proposed that this saving be carried forward into 2021/2022 to allow additional works to be carried out.
- 4.11. A list of the main projects which are responsible for the underspend of £5.7 million and which will now complete in 2021/22 is included in Appendix 4, along with their anticipated completion dates.
- 4.12. **General Fund – Period 10 Position:** The programme spend and funding for the General Fund is summarised in Appendices 2 and 3. As noted in 4.4, the total capital spending programme for the year is £80.648 million.
- 4.13. Spend to the 1 January 2021 is £40.066 million.
- 4.14. Actual funding received to 1 January 2021 is £62.443 million.
- 4.15. Relevant officers will continue to closely monitor the generation of all income including receipts.
- 5. Housing Investment Programme – 2020/2021 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 5. 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 10 Position:** Budget for the period is £27.461 million and spend to 1 January 2021 amounts to £27.039 million.
  - 5.4. As at 1 January 2021, £27.039 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)**

20 January 2021

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

- Accountable, Effective, Efficient and Transparent

### **Previous References**

- Executive Committee, 23 September 2020
- Executive Committee, 16 December 2020
- Education Resources Committee, 19 January 2021

### **List of Background Papers**

Capital Ledger prints to 1 January 2021

### **Contact for Further Information**

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

Lorraine O'Hagan, Finance Manager (Strategy)

Ext: 2601 (Tel: 01698 452601)

E-mail: [lorraine.o'hagan@southlanarkshire.gov.uk](mailto:lorraine.o'hagan@southlanarkshire.gov.uk)

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

**Proposed Adjustments**

**Education Resources**

**Acquisition of Our Lady Of Lourdes Primary School Building**

The Education Resources Committee (19 January 2021), approved the acquisition of the accommodation at Our Lady of Lourdes Primary School, East Kilbride in advance of the existing lease term ending in January 2024. The purchase price agreed is £0.627m. £0.627m

Approval is now sought to increase the 2020/21 Capital Programme by £0.627m which would be funded by borrowing. Following the purchase, there would be no requirement for the Council to pay the annual lease costs. The budget for these lease costs (£0.059m) would be used to repay the annual borrowing costs.

Minor Adjustments £0.000m

**TOTAL ADJUSTMENTS £0.627m**

**APPENDIX 2**

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

	£m
<b>Total Budget</b>	<b>83.433</b>
Transfers to Revenue	(4.112)
Transfers from Revenue	0.700
Proposed Adjustments – Periods 9 & 10	0.627
<b>Total Revised Budget</b>	<b>80.648</b>

<u>Resource</u>	<u>2020/21 Budget</u>	<u>Period 9&amp;10 Proposed Adjustments</u>	<u>Revised 2020/21 Budget</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Community & Enterprise	37.622	-	37.622
Education	23.153	1.327	24.480
Finance & Corporate	3.644	(0.362)	3.282
Housing & Technical	10.279	(3.750)	6.529
Social Work	0.844	-	0.844
<b>Total Resources Capital Programme</b>	<b>75.542</b>	<b>(2.785)</b>	<b>72.757</b>
Additional Costs	7.091	-	7.091
Housing and Technical Resources – Additional Overheads	0.800	-	0.800
<b>TOTAL CAPITAL PROGRAMME</b>	<b>83.433</b>	<b>(2.785)</b>	<b>80.648</b>

## APPENDIX 3

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

	<u>2020/21</u> <u>Original</u> <u>Budget</u> <u>(inc C/F)</u> £m	<u>2020/21</u> <u>Revised</u> <u>Budget</u> £m	<u>2020/21</u> <u>Actual to</u> <u>01/01/21</u> £m
<b>Expenditure</b>			
<b>General Fund Programme</b>	81.003	80.648	40.066
<b>Income</b>			
	£m	£m	£m
Prudential Borrowing	27.782	24.417	24.417
Developers Contributions	7.021	3.695	3.374
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	16.030
- 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	12.429	12.429
- Regeneration Capital Grant	0.482	1.482	-
- Town Centre Regeneration Fund	1.095	1.997	1.997
- Travelling People's Sites	-	0.133	-
- Digital Inclusion	-	1.253	-
- COVID-19 Mitigation for School Transport	-	0.072	-
Glasgow City Region City Deal	-	4.057	-
Specific Reserves	1.133	1.295	1.295
Revenue Contribution	1.500	1.398	1.398
<b>TOTAL FUNDING</b>	<b>81.003</b>	<b>80.648</b>	<b>62.443</b>

**APPENDIX 4**

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

<b>Projects with Underspends in 2020/21</b>		
<b>Project Name</b>	<b>Project Type</b>	<b>Completion Date</b>
<b>Community and Enterprise Resources</b>		
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
Calderside Academy	Extension / Adaptations	December 2023
Roads Investment Programme	Roads	Throughout 2021/22
<b>Education Resources</b>		
St Charles Primary School - Additional Classroom	Extension	April 2021
St Mark's Primary School, Hamilton - Extension	Extension	June 2022
Education Information Communication Technology	ICT	Throughout 2021/22
Auchingramont Road	New Build	June 2021
Small Scale Adaptations	Adaptations	Throughout 2021/22
<b>Finance and Corporate Resources</b>		
IT Infrastructure Refresh	Infrastructure	May 2021
New Website / CRM / MDM / Customer Portal /Integration Tools	Infrastructure	May 2021
<b>Housing and Technical Resources</b>		
Prioritised Urgent Investment	Refurbishment	Throughout 2021/22
Civic Centre Fabric Upgrade	Refurbishment	Throughout 2021/22
CEEF 20/21 Programme	Refurbishment	Throughout 2021/22



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

	<u>2020/21</u> <u>Annual</u> <u>Budget</u> £m	<u>2020/21</u> <u>Budget to</u> <u>01/01/21</u> £m	<u>2020/21</u> <u>Actual to</u> <u>01/01/21</u> £m
<b>EXPENDITURE</b>			
<b>2020/21 Budget</b>	48.172	27.461	27.039
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>01/01/21</u> £m
<b>INCOME</b>			
Land Sales	-		0.139
Capital Funded from Current Revenue	18.134		19.295
Prudential Borrowing	9.994		-
Scottish Government Specific Grant:			
– New Build	18.124		7.510
– Open Market Purchase Scheme	1.800		-
– Mortgage to Rent	0.120		0.095
<b>TOTAL FUNDING</b>	<b>48.172</b>		<b>27.039</b>