

North Lanarkshire Council

Report

Communities and Housing Committee

approval noting

Ref GT

Date 13/02/2018

Enterprise and Communities – Capital Monitoring

From Robert Steenson, Executive Director (Enterprise and Communities)
Email telferg@northlan.gov.uk **Telephone** Greg Telfer, Business Finance Manager, 01698 302836

Executive Summary

This report introduces the Period 10 capital monitoring reports for the former Enterprise and Housing Resources service and the former Infrastructure service.

The former Enterprise and Housing Resources is currently reporting a year end underspend of £4.167 which is detailed in Appendix A.

The former Infrastructure service is currently forecasting a year end underspend of £2.426m which is detailed in Appendix B.

Recommendations

It is recommended that Committee:

1. Notes the financial position of the former Enterprise and Housing Resources capital budget for 2018/19.
2. Notes the financial position of the former Infrastructure capital budget for 2018/19.
3. Otherwise notes the contents of the report.

Supporting Documents

Council business plan to 2020 Improve the Council's resource base

Appendix A Former Enterprise and Housing Resources Capital Monitoring (Period 10) and supporting appendices.

Appendix B Former Infrastructure Capital Monitoring (Period 10) and supporting appendices.

1. Background

- 1.1 In the 'We Aspire – A Shared Ambition for North Lanarkshire' report approved at Policy Resources Committee on 27 September 2018 a number of service realignments were approved which created the new Enterprise and Communities service. This new service incorporates components of the former Infrastructure, Enterprise & Housing Resources and Education, Youth & Communities services.

In addition, elements of the former services are now placed within the expanded Chief Executive's Office (i.e. Revenues and eGovernment).

- 1.2 Following the approval of the new Committee structure at Council in December 2018, financial monitoring reports for the new Enterprise and Communities service will be reported to the Communities and Housing Committee.
- 1.3 To ensure consistency of reporting, it has been agreed by the Council's Section 95 Officer that monitoring reports will continue to be prepared in line with the former Council structure for the remainder of the 2018/19 financial year.

2. Report

- 2.1 Appendix A contains the capital monitoring report for the former Enterprise and Housing Resources which highlights a projected year end underspend of £4.167m which is largely as a result of site acquisition and works delays in grant funded programmes.
- 2.2 Appendix B contains the capital monitoring report for the former Infrastructure service which highlights an anticipated year end underspend of £2.426m which is attributable to the replacement of fleet vehicles.
- 2.3 Specific details of significant variances are outlined in the respective reports contained in the appendices. The variances will be considered by the Strategic Capital Delivery Group.

3. Equality and Diversity

- 3.1 **Fairer Scotland**
There are no specific impacts on Fairer Scotland.
- 3.2 **Equality Impact Assessment**
There are no specific Equality Impact Assessments to note.

4. Implications

- 4.1 **Financial Impact**
Financial impacts are outlined in the respective reports for Enterprise and Housing Resources and Infrastructure.
- 4.2 **HR/Policy/Legislative Impact**
There are no HR / Policy / Legislative impacts linked to this report.
- 4.3 **Environmental Impact**
There are no Environmental impacts linked to this report.
- 4.4 **Risk Impact**
All activities undertaken by the Council are subject to risk, and in acknowledging the Council's approved Risk Management Strategy (September 2012), Services manage these as part of their overall corporate and service planning processes.

The current economic climate, in particular, has the potential to impact upon the Council's ability to provide quality services within approved budget levels.

Reflecting the risk analysis matrix included within the Risk Management Strategy, Service considers further delays or amendments to savings proposals could present an ongoing risk to the financial outturn for 2018/19.

To minimise risk, this report has been prepared by service based Financial Solutions personnel in consultation with budget managers, in accordance with the Financial Regulations. There are no significant financial risks which have been identified at this stage in the financial year, however this will continue to be closely monitored.

5. Measures of success

5.1 The Service continues to operate within approved budget resources.



Robert Steenson
Executive Director (Enterprise and Communities)

North Lanarkshire Council Report

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Enterprise and Housing Resources – Capital Monitoring Report – 1 April 2018 to 4 January 2019

From Robert Steenson, Executive Director (Enterprise and Communities)
Email telferg@northlan.gov.uk **Telephone** Greg Telfer, Business
 Finance Manager, 01698
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Executive Summary

This report highlights the financial performance and progress of the 2018/19 Enterprise and Housing Resources Composite Capital Programme for the period ended 4 January 2019 (Period 10).

At this stage in the year the overall programme is reporting a variance of £4.167m as detailed at section 2.2. This is largely attributable to the profile of anticipated site acquisition and works of Vacant and Derelict Land Fund (VDLF) projects at Ravenscraig and delays in the Glenboig Life Centre Project (which is being led directly by Glenboig Development Trust).

Recommendations

It is recommended that the Committee:

- i) Notes the financial position of the 2018/19 Enterprise and Housing Resources capital programme.

Supporting Documents

Council business plan to 2020 Improve economic opportunities and outcomes
Appendix 1 Summary Expenditure by Theme

1. Background

- 1.1 Financial year 2018/19 is the first year of the Composite capital programme for the 5 year period from 2018/19 to 2022/23.
- 1.2 The Enterprise and Housing Resources capital programme approved by the Policy and Resources Committee on 21 March 2018 was £1.820m. There have been further budget movements of £5.769m to the programme during 2018/19 (see appendix 1), resulting in a revised programme of £7.589m.

- 1.3 The Council's approved Financial Regulations require Executive Directors to remain within their approved budgetary provision, and to report all significant deviations – defined as the higher of £100,000 or 5% - within their budget monitoring reports. Where significant deviations are identified, Executive Directors must provide explanatory commentary, outline the action required to rectify such deviations and where relevant, must also highlight the impact this has on other budget headings.
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2. Report

2.1 Summary of Financial Position

- 2.1.1 The Service currently forecasts year end expenditure of £3.422m, equivalent to 45% of the current overall budget with the overall programme currently 17% committed. Appendix 2 outlines a summary of the financial position for each area of the programme (split by thematic category) and includes estimates for work in progress, retention payments and contractor claims.

2.2 Analysis of Significant Variations

- 2.2.1 Antonine Wall (On Target)
Full spend is currently anticipated at this stage in the financial year.
- 2.2.2 Coatbridge Cars (On target)
Full spend is currently anticipated at this stage in the financial year.
- 2.2.3 Regeneration and Town Centres (£0.369 variance)
The service is expecting to spend £0.542m across these projects in 2018/19 to cover the cost of feasibility works and building acquisitions to support the Economic Regeneration Delivery Plan. In addition, expenditure of £0.018m is anticipated to complete legacy Town Centre and Regeneration projects.

A full review has been carried out on individual Economic Regeneration Delivery Plan projects. It has been identified that £0.369m of the Ambition budget will not be spent in the current financial year due, in part, to vacant posts not being filled within the project team. This variance will be considered by the Strategic Capital Delivery Group.

- 2.2.4 VDLF Projects (£2.799m variance)
The Council received Scottish Government approval of the local delivery plan for works at Ravenscraig on 31 July 2018. The programme anticipates acquiring the site and letting a works contract for remediation works by the end of March 2019, meeting the requirements of Scottish Government to contractually commit the funding by the year end.

Due to the scale and nature of the project it is anticipated that £2.297m of expenditure across the Ravenscraig programmes will slip into 2019/20.

It is currently anticipated that only £0.290m of the planned costs for the Gartcosh Site (£0.595m) will be spent this financial year. The Design team have been appointed and the contract of works are expected to be awarded and let in early 2019.

Due to licensing issues the contract is not progressing for the site acquisition at Mill Road. A request has been submitted to Scottish Government to transfer the balance of £0.190m to the Ravenscraig programme.

VDLF funded projects will continue to be monitored by the Strategic Capital Delivery Group throughout the financial year.

2.2.5 Glenboig Life Centre (£1.000m variance)

The main contract of works is currently out to tender by The Glenboig Development Trust. The works are now not expected to commence until the financial year 2019/20. Once the contract has been awarded NLC can then draw down the £1m Regeneration Capital Grant Fund (RCGF) from the Scottish Government. This will be granted to the Glenboig Development Trust as retrospective project spend.

3. Equality and Diversity

3.1 Fairer Scotland

There are no specific impacts on Fairer Scotland.

3.2 Equality Impact Assessment

There are no specific Equality Impact Assessments to note.

4. Implications

4.1 Financial Impact

The Service aims to operate within approved funding levels and will utilise budget virements to support emerging issues and mitigate variances across budget heads.

The final outturn position will be reflected in commitments and planning assumptions for future years capital programmes.

4.2 HR/Policy/Legislative Impact

There are no HR/Policy/Legislative impacts.

4.3 Environmental Impact

There are no specific environmental impacts.

4.4 Risk Impact

4.4.1 All activities undertaken by the Council are subject to risk, and in acknowledging the Council's approved Risk Management Strategy (September 2012), Services manage these as part of their overall corporate and service planning processes.

4.4.2 To minimise risk this report has been prepared by service based Financial Solutions personnel in consultation with budget managers, in accordance with the Financial Regulations.

5. Measures of success

- 5.1 The successful delivery of the Enterprise and Housing Capital Programme.
 - 5.2 The Service aim is to be in a balanced budget position (100% expenditure) at financial year-end.
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Robert Steenson
Executive Director (Enterprise and Communities)

Enterprise and Housing Resources Capital Programme 2018/19

Period 10 (1st April - 4th Jan 2019)

Theme	Budget £	YTD			OUTTURN	
		Actual £	Committed £	Uncommitted £	Projected Outturn £	Outturn variance £
Core Capital Programme						
Antonine Wall	50,491	1	20,001	30,490	50,491	0
Coatbridge Cars	204,000	98,156	118,060	85,940	204,000	0
Regeneration and Town Centres	929,060	91,533	171,799	388,481	560,280	368,780
	1,183,551	189,690	309,860	504,911	814,771	368,780
Externally Funded Programme						
VDLF Projects	5,406,000	393,355	953,373	1,653,831	2,607,204	2,798,796
Glenboig Life Centre	1,000,000	0	0	0	0	1,000,000
Externally Funded Programme Sub-Total	6,406,000	393,355	953,373	1,653,831	2,607,204	3,798,796
Enterprise and Housing Resources Total	7,589,551	583,045	1,263,233	2,158,741	3,421,974	4,167,577

North Lanarkshire Council Report

Communities & Housing Committee

approval noting

Ref RS/TO/JM Date 22/01/19

Infrastructure – Capital Monitoring Report

From Executive Director (Enterprise & Communities)

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Executive Summary

This report highlights the financial performance and progress of the 2018/19 Infrastructure capital programme for period ended 4 January 2019 (Period 10).

In summary the Service is currently anticipating an underspend of £2.426m for the replacement of fleet vehicles which will be considered by the Strategic Capital Delivery Group.

Further explanation of project variances and management action taken by the Service are included the main report and attached Appendices.

Recommendations

The Committee is recommended to

- (1) Note the financial position of the 2018/19 Infrastructure capital programme
- (2) Note the budget movements per Appendix 1.

Supporting Documents

Council business plan to 2020

Appendix 1	Budget Movements
Appendix 2	Summary Expenditure by Thematic Category
Appendix 3	Summary Expenditure by Division

1. Background

- 1.1 Financial year 2018/19 is the first year of a new 5 year capital programme.
- 1.2 The Infrastructure base capital programme of £27.838m was approved by the Policy and Resources Committee on 21st March 2018. To date £7.997m of additional funding has been added to the budget. The current budget totals £35.835 and a reconciliation is shown at Appendix 1.

- 1.3 The Council's approved Financial Regulations require Executive Directors to remain within their approved budgetary provision, and to report all significant deviations – defined as the higher of £100,000 or 5% - within their budget monitoring reports. Where significant deviations are identified, Executive Directors must provide explanatory commentary, outline the action required to rectify such deviations and where relevant, must also highlight the impact this has on other budget headings.
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2 Report

- 2.1 The Service is currently forecasting an underspend of £2.426m for the replacement of fleet vehicles, which is now delayed until 2019/20. Capital budgets and expenditure are summarised into Thematic Categories (see Appendix 2) and Divisional Themes (see Appendix 3). The outturn forecast includes estimates for work in progress, retention payments and contractor claims.
- 2.2 The explanations of significant variances within each division are summarised below:

a **Assets & Procurement** (balanced budget position)

The Asset & Procurement Solutions Capital Plan consists of Core Projects and Legacy Projects which have transferred from other Services at the previous year end. The division is currently reporting a balanced budget position however there are a number of compensating variances between the Divisional Themes as follows:

Demolition projects have been accelerated (£0.362m) to help generate future revenue savings. Health & safety works of (£0.182m) have also been accelerated. The accelerated projects have been offset by reprofiling condition survey works (£0.119m) and AMP Transformation (£0.140m).

In addition there is an underspend forecast within Civic Centre Office accommodation (£0.110m) and Civic centre refurbishment projects (£0.224m) as the costs for these projects were lower than anticipated.

b **Environmental Assets** (balanced budget position)

As the masterplan for Palacerigg Country Park is out for public consultation and will run until Spring 2019, there is an forecast underspend of £0.100m this financial year to ensure any work ties into the outcome of the consultation. Management action has been taken to offset this by accelerating spend on road refurbishment.

Additional grant funding from the Woods In and Around Towns (WIAT) programme has been received this financial year for the first phase of the Chapelhall project, however as this project is not due for completion until 2019/20 there is a forecast underspend of £0.040m this financial year. Management action has been taken to offset this by accelerating cemeteries ground investigation work of £0.040m.

In addition, a number of SPT projects have been delayed until 2019/20 due to specific site issues. This has been reflected in the budget adjustments noted above to reduce external funding anticipated to be received this financial year (£0.750m). It is anticipated that these grants will be received in the new financial year to complete the works.

c Regulatory Services & Waste Solutions (£2.426m underspend)

A combination of reviewing the fleet requirements across the Council and revised procurement and manufacturing timescales will result in the delivery of vehicles in the new financial year. As a result, the Fleet budget will underspend by £2.426m. This will be considered at the upcoming Strategic Capital Delivery Group.

In addition there are currently 16 Refuse Collection vehicles that are due to be delivered by the 31st March totalling £2.441m. The supplier has assured the Service that the vehicles will be delivered by this date and this will continue to be monitored throughout the remainder of the financial year.

d Revenues & E-Government (balanced budget position)

Costs regarding prior year capital projects in relation to server replacement programmes are now projected at £0.095m. A further cost of £0.026m in relation to the enhancement of an Uninterruptible Power Supply (UPS) has been experienced in the year. These additional costs are being offset through reduced expenditure within the LAN Refresh programme.

3 Equality and Diversity

3.1 Fairer Scotland

There are no specific impacts on Fairer Scotland.

3.2 Equality Impact Assessment

There are no specific Equability Impact Assessments to note.

4 Implications

4.1 Financial Impact

The Service aims to operate within approved funding levels and will utilise budget virements to support emerging issues and mitigate variances across budget heads.

The final outturn position will be reflected in commitments and planning assumptions for future years' capital programmes.

4.2 HR/Policy/Legislative Impact

There are no specific HR/Policy/Legislative impacts.

4.3 Environmental Impact

There are no specific environmental impacts.

4.4 Risk Impact

4.4.1 All activities undertaken by the Council are subject to risk, and in acknowledging the Council's approved Risk Management Strategy, Services manage these as part of their overall corporate and service planning processes. The current economic climate, in particular, has the potential to impact upon the Council's ability to provide quality services within approved budget levels.

4.4.2 To minimise risk this report has been prepared by service based Financial Solutions personnel in consultation with budget managers, in accordance with the Financial Regulations.

5 Measures of success

5.1 The Service aim is to be in a balanced budget position at financial year-end.

Robert Steenson
Executive Director (Enterprise & Communities)

Appendix 1

Infrastructure Capital Programme - Budget Movements 2018/19

Period 10 (1st April - 4th January 2019)	£
Composite Programme Budget	27,376,000
Specific Grants: Cycling Walking Safer Street	462,000
Total Approved Budget 2018/19	27,838,000
Movements to Budget approved by SCDG on 30 July 2018	10,329,795
Movements to Budget approved by Finance & Organisational Business Committee on 17 September 2018	520,000
Movements to Budget approved by SCDG on 22 October 2018	-3,276,503
Total Approved Movements	7,573,292
Approved Revised Budget	35,411,292
Management Action for Noting	
Movements to 2018/19 Composite Programme Budget	
<i>(ii) Acceleration from future years</i>	
Bin Purchases	103,000
CCTV Barriers - Fly Tipping	125,000
	228,000
<i>(v) Additional funding</i>	
CFCR - Cemeteries drainage and infrastructure	200,000
CFCR - Palacerigg Country Park infrastructure	300,000
HLF funding for 7 Lochs Project	255,000
Smarter Choices Smarter Places (SCSP) Airdrie Sustainable Transport Study	21,000
Smarter Choices Smarter Places (SCSP) Coatbridge Sustainable Transport Study	15,000
Smarter Choices Smarter Places (SCSP) Coatbridge Bus Hub	5,000
WIAT funding - Chapelhall phase 1	23,322
Transfer of ear marked reserve - Euro Champ's 2018	11,390
SPT funding - Ravenscraig Cycle Path	100,000
SPT funding - Holytown Park and Ride	15,000
Downturn of SPT funding A73 Corridor Carlisle South Biggar Rd	-550,000
Downturn of SPT funding Wishaw Park & Ride	-100,000
Downturn of SPT funding Cumbernauld Bus Laybys	-55,000
Downturn of SPT funding Bus Infrastructure Improvements	-45,000
	195,712
Sub Total of Budget Movements	423,712
REVISED BUDGET TOTAL	35,835,004

Infrastructure Capital Programme 2018 - 2019 Thematic Category

APPENDIX 2

Period 10 (1st April - 4th January 2019)

Thematic Category	Budget £	YTD					OUTTURN	
		Actual £	Actual %	Committed £	Committed %	Uncommitted £	Projected Outturn £	Outturn variance £
Unavoidable	18,943,905	11,476,726	61%	17,657,747	93%	1,075,410	18,733,157	210,748
Key Ambition	500,000	116,336	23%	149,360	30%	210,640	360,000	140,000
Statutory Obligation	50,000	31,269	63%	141,203	282%	40,000	181,203	(131,203)
Building Asset Expenditure	4,141,982	3,013,843	73%	3,577,850	86%	833,676	4,411,526	(269,544)
Revenue Savings	8,258,632	552,535	7%	4,701,804	57%	1,180,818	5,882,622	2,376,010
Road Asset Expenditure	3,940,485	1,843,294	47%	3,233,544	82%	606,941	3,840,485	100,000
Total	35,835,004	17,034,003	48%	29,461,510	82%	3,947,484	33,408,994	2,426,010

Period 10 (1st April - 4th January 2019)

Theme	Budget £	YTD			OUTTURN	
		Actual £	Committed £	Uncommitted £	Projected Outturn £	Outturn variance £
ASSET & PROCUREMENT						
Unavoidable						
Energy Efficiency	1,300,000	281,498	1,283,593	40,000	1,323,593	(23,593)
Demolitions	150,000	156,580	415,900	96,143	512,043	(362,043)
Health and Safety	350,000	158,548	482,084	50,000	532,084	(182,084)
Condition Surveys	4,520,000	1,883,206	3,237,548	1,162,974	4,400,522	119,478
Estates - Capital Receipts Delivery	125,000	0	125,000	0	125,000	0
Key Ambition						
AMP Transformation	200,000	45,210	52,485	7,515	60,000	140,000
Building Asset Expenditure						
Civic Centre Refurbishment	2,345,000	1,690,933	1,960,933	160,000	2,120,933	224,067
Office Accommodation	1,305,000	1,023,607	1,150,335	44,398	1,194,733	110,267
Environmental Assets - Building Improvements	80,000	0	0	30,000	30,000	50,000
Equipment Building Cleaning / Catering	140,000	44,699	46,697	169,155	215,852	(75,852)
Estates	70,000	4,564	4,564	65,676	70,240	(240)
TOTAL ASSET & PROCUREMENT	10,585,000	5,288,845	8,759,138	1,825,862	10,585,000	0
ENVIRONMENTAL ASSETS						
Unavoidable						
Street Lighting Infrastructure/Carbon Restructure	5,874,000	3,638,549	5,582,258	100,000	5,682,258	191,742
Infrastructure Improvements - Roads	6,051,887	5,288,929	6,186,396	157,233	6,343,629	(291,742)
7 Lochs project	555,000	96,592	530,592	24,408	555,000	0
Road and Environmental Land Asset Expenditure						
Infrastructure Improvements - Roads	1,220,000	637,727	1,024,687	195,313	1,220,000	0
Other Infrastructure Health and Wellbeing projects	1,297,982	543,697	1,124,652	133,330	1,257,982	40,000
Gartcosh/Glenboig Community Growth Area	0	0	0	0	0	0
Infrastructure Improvements to Land	1,422,503	661,870	1,084,205	278,298	1,362,503	60,000
Revenue Savings						
Plant, Machinery and Vehicles - Land Management						
Machinery and Vehicles	998,000	115,599	341,000	657,000	998,000	0
ENVIRONMENTAL ASSETS TOTAL	17,419,372	10,982,963	15,873,790	1,545,581	17,419,372	0
REGULATORY SERVICES & WASTE SOLUTIONS						
Unavoidable						
Contaminated Land and Air Quality Monitoring	390,000	254,979	371,747	18,253	390,000	0
Revenue Savings						
Plant, Machinery and Vehicles	7,140,632	436,091	4,359,959	354,663	4,714,622	2,426,010
REGULATORY SERVICES & WASTE SOLUTIONS TO	7,530,632	691,070	4,731,706	372,916	5,104,622	2,426,010
REVENUES & EGOVERNMENT						
Key Ambition						
Digitisation	0	1,004	26,754	123,246	150,000	(150,000)
LAN Refresh	300,000	70,121	70,121	79,879	150,000	150,000
REVENUES & EGOVERNMENT TOTAL	300,000	71,125	96,875	203,125	300,000	0
INFRASTRUCTURE TOTAL	35,835,004	17,034,003	29,461,510	3,947,484	33,408,994	2,426,010