

North Lanarkshire Council Report

Finance and Resources Committee

approval noting

Ref PH/JQ

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Composite Capital Programme 2018/19 Monitoring Report 1 April to 1 February 2019 (Period 11) Summary

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Executive Summary

The purpose of the report is to provide an update on resources and expenditure on the 2018/19 budgets for the Composite Capital Programme. The report also shows the projected year-end outturn position and the resultant variances.

Recommendations

It is recommended that the Committee notes the financial position of the Composite Capital Programme as at 1 February 2019.

Supporting Documents

**Council business
plan to 2020**

N/A

Appendix 1

Composite Capital Programme 2018/19 by Service

Appendix 2

Capital Programme Summary 2018/19

1. Background

- 1.1 The current Capital Programme is made up of a number of components: Composite Capital Programme; continuation of the Council's Schools and Centres 21 (SC21), the Children & Young People programme and the City Deal.
- 1.2 The current Composite Capital Programme is based on a target spend of £60.937m. This comprises the original budget approved of £41.150m for 2018/19, adjusted to reflect additional external funding available and the decisions made at the Strategic Capital Delivery Group (SCDG) meetings held during the 2018/2019 financial year to date. It also includes, in the same period, virement requests approved by the Finance & Resources (FAR)/Finance & Organisational Business (FOB) Committee meetings, with all aforementioned adjustments in accordance with the SCDG terms of reference. A balance of £1.033m is held within the Transformation Fund which will be monitored throughout the remainder of the year.
- 1.3 A breakdown by Service of the above movements is provided within Appendix 1 with a detailed list of the individual movements and the related projects presented and monitored in detail as part of the Council's capital programme reporting mechanisms to Service Committees.
- 1.4 For completeness the 2018/19 budget allocations for the Council's Schools and Centres 21 (SC21) initiative is £29.305m, Children and Young People (CYP) is £1.784m and the City Deal is £3.180m.

2. Report

2.1 Overall Composite Programme Projected Outturn by Service

2.1.1 Based on the Revised Composite Capital Programme 2018/19 the projected outturn as at period 11 is summarised in table 1 below (excluding SC21, CYP and City Deal budgets).

<u>Investment</u>	Current Programme £000s	Projected Outturn £000s	Outturn Variance £000s
Education Youth & Communities	16,887	13,422	(3,465)
Infrastructure	33,383	31,718	(1,665)
Enterprise Housing & Resources	7,266	3,402	(3,864)
Social Work	2,368	2,368	-
Transformation Fund	1,033	1,033	-
Total Service Investment	60,937	51,943	(8,994)
External Resources	36,348	36,348	-
Capital Receipts	5,145	5,271	126
CFCR	627	627	-
Borrowing requirement	18,817	9,697	(9,120)
Total Resources	60,937	51,943	(8,994)
Less Capital Receipts transfer to Capital Fund		(4,000)	(4,000)
Met by additional 18/19 Borrowing requirement		4,000	4,000
Available Resources	60,937	51,943	(8,994)

Table 1- Composite Programme Outturn Position by Service

2.2 Resources Outturn Projection

- 2.2.1 It is expected the level of resources required to meet the current programme will be less than originally anticipated resulting in a reduced borrowing requirement in 2018/19 of £9.120m.
- 2.2.2 Capital receipts of £5.271m are projected for 2018/19, which is £0.126m ahead of budget. Capital receipts will continue to be closely monitored throughout the financial year.
- 2.2.3 Given the reduced borrowing requirement it is anticipated £4.0m of the 2018/19 capital receipts will be transferred to the Capital Fund with the intention to draw down from this into revenue during 2019/20. This will result in an additional borrowing requirement in 2018/19, managed within the overall capital portfolio given the above outturn projections.

2.3 Committed Expenditure and Investment Outturn Projection

- 2.3.1 Actual expenditure to 1 February 2019 is £28.158m and committed expenditure is £46.740m which represents 84.4% of the projected outturn. An analysis of actual expenditure and commitment to date is contained in Appendix 2.

Education, Youth & Communities (EYC)

- 2.3.2 EYC is forecasting a total spend of £13.422m, which is £3.465m less than the budget, with spend of £2.966m since the last reporting at period 7. This spend is due to works carried out across a number of areas including curriculum development (£0.683m), communication and digital (£0.570m), health and safety (£0.422m), ASN (£0.514m), core works (£0.413m), the local development plan (£0.522m), CNL (£0.070m) and NL Leisure (£0.594m).
- 2.3.3 The projected underspend of £3.465m comprises anticipated reduced expenditure of £3.474m due to delays in the establishment of participatory budgeting within the local development plan, offset by an overspend of £0.009m for NL Leisure projects.
- 2.3.4 The LDP underspend variance is expected to reduce over the remainder of the financial year due to the heightened activity associated with the new projects presented at the December 2018 LAP meetings.

Infrastructure

- 2.3.5 Infrastructure is forecasting a total spend of £31.718m, which is £1.665m less than the budget per the revised programme for 2018/19, with spend of £7.627m since the last reporting at period 7. This spend was across a number of areas including roads (£1.800m), street lighting (£1.543m), Civic Centre refurbishment (£0.841m), office accommodation (£0.374m), re-roofing contracts (£0.315m), re-wiring contracts (£0.468m) and plant and machinery/vehicles (£0.269m).
- 2.3.6 This underspend will be managed by requesting the SCDG at their next meeting to approve a net movement in budget of £1.663m due to acceleration from future years allocation and the reprofiling of budget to future years, within thematic categories, as laid out within section 2.8 below.

Enterprise and Housing Resources (EHR)

- 2.3.7 EHR is forecasting a total spend of £3.402m, which is £3.864m less than the budget, with spend of £0.644m, since period 7. This spend includes the Coatbridge conservation area regeneration scheme (£0.123m), town centre regeneration projects (£0.068m) and VDLF funded projects (£0.453m).

- 2.3.8 The projected underspend is still largely attributable to anticipated delays in site acquisition and works associated with VDLF projects at Ravenscraig. However, delays have also been identified in the commencement of works associated with the Glenboig Life Centre. The works are not now expected to start until the 2019/20 financial year. Regeneration and Town Centre expenditure is also projected to be underspent by £0.051m as a result of vacant posts not being filled (£0.005m) and an unanticipated refund from a supplier (£0.046m).
- 2.3.9 The management of the underspend will include, for VDLF projects, ensuring that contractual commitments in respect of site acquisition and remediation contracts are met by 31 March 2019. This will ensure that eligibility for Scottish Government funding will not be lost. The delay will also not affect the Council's eligibility for Regeneration Capital Grant Fund (RCGF) awarded by the Scottish Government. This will be claimed once the project commences.

Social Work

- 2.3.10 Social Work is forecasting a total spend of £2.368m, which remains in line with the 2018/2019 budget, with spend of £0.506m since the last reporting at period 7. This expenditure is in respect of integrated equipment and adaptations associated with VDLF projects at Ravenscraig. The current position reflects management action taken to date.

2.4 Schools & Centres 21 and Children & Young People Projection

- 2.4.1 The projected spend in total is £31.089m, which is, following virements agreed at the last meeting of the SCDG, now on budget.
- 2.4.2 The Schools and Centres 21 spend of £29.305m in 2018/19 is almost exclusively funded by council borrowing with the Children's & Young Peoples programme in 2018/19 of £1.784m to be funded by specific Scottish Government grants.

2.5 City Deal Projection

- 2.5.1 The projected spend for 2018/19 has been reduced from £5.172m to £3.890m to reflect delays in the Glenboig (£0.221m) and Holytown (£1.242m) Link Road projects. This will be offset by additional expenditure on the Pan Lanarkshire Orbital Corridor project (£0.181m) due to the advancement of enabling works.
- 2.5.2 This reflects an on-going review of all City Deal projects, identifying delays in the commencement of planned projects, other planned projects being placed under review and the identification of potential new projects to meet new pressures. City Deal projects are primarily funded by Scottish Government (SG) Grant with a funding gap of approximately 14% being met by Council borrowing.

2.6 HRA Capital Programme, New Build & Council Buyback Scheme

- 2.6.1 The HRA Mainstream, New Build and Council Buyback Scheme programmes are reported to the Enterprise and Housing Committee. A summary of the position of the HRA capital programme at 1 February 2019 is included within Appendix 2 for information.
- 2.6.2 The projected outturn for the Housing Capital Programme of £51.3m in 2018/19 will be funded by borrowing (£27.8m), capital receipts (£0.2m) and capital contributions from revenue (£23.3m).
- 2.6.3 The projected outturn for the Housing New Build Programme of £14.2m in 2018/19 will be funded by borrowing (£7.6m), capital contributions from revenue (£4.7m) and specific SG Grant allocation (£1.9m).
- 2.6.4 The projected outturn for the Council Buy Back Scheme of £13.2m in 2018/19 will be funded by borrowing (£8.0m), capital contributions from revenue (£2.2m) and specific SG Grant allocation (£3.0m).

2.7 Capital Programme Summary 2018/19

2.7.1 The total current programme, projections, actual spend and commitments for all Council investment is summarised in Appendix 2.

2.8 Service Virement Requests

2.8.1 In respect of Infrastructure only virement requests for the acceleration of budget (£0.200m) and for the re-profiling of budget to future years (£1.863m) will be presented for consideration at the next meeting of the SCDG.

2.8.2 The acceleration request is in respect of an IT upgrade to Windows 10. The re-profiling requests include ones for RCV vehicles, due to supplier delays in their delivery (£1.516m) and equipment required for woodland management (£0.125m). None of the requests require Committee approval.

3. Equality and Diversity

3.1 Fairer Scotland

There are no specific impacts on Fairer Scotland.

3.2 Equality Impact Assessment

There are specific equality impact assessments to note.

4. Implications

4.1 Financial Impact

There is no financial impact as a result of the contents of this report.

4.2 HR/Policy/Legislative Impact

There is no HR/Policy/Legislative impact as a result of the contents of this report.

4.3 Environmental Impact

There is no environmental impact as a result of the contents of this report.

4.4 Risk Impact

There is no risk impact as a result of the contents of this report.

5. Measures of success

5.1 N/A



Head of Financial Solutions

Appendix 1

Revised Composite Capital Programme 2018/19

(excluding SC21, CYP & City Deal)

	Education Youth & Communities	Infrastructure	Enterprise Housing & Resources	Social Work	Total
	£000s	£000s	£000s	£000s	£000s
Opening Composite Capital programme 2018/19	9,586	27,376	1,820	2,368	41,150
Specific Government Grant	-	462	2,396	-	2,858
Transformation Fund	-	-	-	-	1,033
Approved 2017/18 Projects Carried Forward	721	3,020	3,094	-	6,835
Acceleration of Projects from Future Years	2,842	3,683	-	-	6,525
Re-profiling of Projects to Future Years	(2,312)	(7,521)	(1,044)	-	(10,877)
Additional Funding	6,370	6,143	1,000	-	13,513
Budget Transfers (to) / from Other Services	(220)	220	-	-	-
Budget Transfers (to) / from SC21	(100)	-	-	-	(100)
Revised Composite Capital Programme 2018/19	16,887	33,383	7,266	2,368	60,937

Capital Programme Summary 2018/19

Investment Programme: Period 11

Investment	Current Programme 2018/19 £000s	Projected Outturn 2018/19 £000s	Outturn Variance 2018/19 £000s	Committed Expenditure Period 11 £000s	Committed Expenditure % of Projected Outturn	Actual Expenditure Period 11 £000s
Education Youth & Communities	16,887	13,422	(3,465)	12,824	95.5%	7,556
Infrastructure	33,383	31,718	(1,665)	30,954	97.6%	18,265
Enterprise Housing & Resources	7,266	3,402	(3,864)	1,234	36.3%	1,117
Social Work	2,368	2,368	-	1,728	73.0%	1,220
	59,904	50,910	(8,994)	46,740	84.4%	28,158
Transformation Fund	1,033	1,033	-	-	0.0%	-
Total Composite Service Investment	60,937	51,943	(8,994)	46,740	90.0%	28,158
Children & Young People	1,784	1,784	-	1,784	100.0%	456
Schools & Centres 21	29,305	29,305	-	29,305	100.0%	24,230
City Deal	3,180	3,890	710	1,985	51.0%	1,256
Total Capital Investment Programme	95,206	86,922	(8,284)	79,814	91.8%	54,100
HRA						
Mainstream Programme	56,910	51,343	(5,567)	51,562	100.4%	34,998
New Build Programme	16,449	14,161	(2,288)	13,161	92.9%	9,958
Council Buy Back Scheme	13,200	13,200	-	10,677	80.9%	8,623