

North Lanarkshire Council Report

Finance and Resources Committee

approval noting

Ref EK/KS/JQ

Date 29/05/19

Composite Capital Programme 2018/19 Monitoring Report 1 April to 31 March 2019 (Provisional Outturn) Summary

Executive Summary

The purpose of the report is to provide an update on the 2018/19 budgeted resources and expenditure for the Composite Capital Programme. The report also shows the 2018/19 provisional outturn position and the outturn variances.

Recommendations

It is recommended that the Committee notes the financial position of the Composite Capital Programme Provisional Outturn as at 31 March 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 2018/19 Capital Programme was made up of a number of components including the 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 2018/19 Composite Capital Programme was based on a target expenditure for 2018/19, adjusted to reflect additional external funding available and the decisions made at the Strategic Capital Delivery Group (SCDG) during the 2018/2019 financial year. It also included 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. The balance of £1.033m held within the Transformation Fund was not utilised during 2018/19.
- 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 was £29.305m, Children and Young People (CYP) was £1.654m, with a provisional outturn of £1.213m for the City Deal.

2. Report

2.1 Overall Composite Programme Provisional Outturn by Service

- 2.1.1 Based on the Revised Composite Capital Programme 2018/19 the final outturn is summarised in Table 1 below (excluding SC21, CYP and City Deal budgets).

Table 1; Composite Programme Provisional Outturn Position by Service

<u>Investment</u>	Current Programme £000s	Provisional Outturn £000s	Outturn Variance £000s
Education Youth & Communities	16,695	12,899	3,796
Infrastructure	31,695	33,074	(1,379)
Enterprise Housing & Resources	7,266	2,579	4,687
Social Work	2,119	2,147	(28)
Transformation Fund	1,033	-	1,033
Total Service Investment	58,808	50,699	8,109
External Resources	36,544	34,506	(2,038)
Capital Receipts	5,125	5,963	838
CFCR	2,171	794	(1,377)
Borrowing requirement	14,968	9,436	(5,532)
Total Resources	58,808	50,699	(8,109)
Less Capital Receipts transfer to Capital Fund		(4,000)	(4,000)
Met by additional 18/19 Borrowing requirement		4,000	4,000
Available Resources	58,808	50,699	(8,109)

2.2 Resources Provisional Outturn

- 2.2.1 The overall level of resources required to meet the programme outturn was £8.109m less than originally anticipated, resulting in a borrowing requirement in 2018/19 of £9.436m, which is £5.532m less than budget.
- 2.2.2 Capital receipts totalled £5.963m in 2018/19, which was £0.838m ahead of budget. Capital receipts are closely monitored throughout the financial year.
- 2.2.3 Given the reduced borrowing requirement, £4.0m of the 2018/19 capital receipts will be transferred to the Capital Fund with a draw down from this into revenue during 2019/20. This has been replaced by additional borrowing of £4.0m in 2018/19, which is being managed within the overall capital portfolio.
- 2.2.4 The CFCR contribution for 2018/19 was £1.377m less than anticipated due to reprofiling of budgets not required during 2018/19. In addition external resources applied to the Capital Programme were £2.038m less than expected. However it is anticipated these monies will be carried forward and applied within the 2019/20 capital programme.

2.3 Provisional Outturn Expenditure and Investment

- 2.3.1 Actual expenditure to 31 March 2019 was £50.699m, which is £8.109m less than budget. A summary analysis of the outturn position is contained in Appendix 2. An explanation for each Service variance is provided below.

Education, Youth & Communities (EYC)

- 2.3.2 EYC provisional outturn expenditure was £12.899m, which is £3.796m less than the budget, with expenditure of £5.343m since the last reporting at period 11. This expenditure was due to works carried out across a number of areas including NL Leisure (£2.666m), local development plan (£1.123m), core works (£0.404m), curriculum development (£0.382m), ASN (£0.251m), health and safety (£0.178m) and CNL (£0.140m).
- 2.3.3 The underspend of £3.796m is primarily due to reduced expenditure of £3.608m as a result of delays in the establishment of participatory budgeting within the local development plan.

Infrastructure

- 2.3.4 Infrastructure provisional outturn expenditure was £33.074m, which is £1.379m over the budget, with expenditure of £14.809m since the last reporting at period 11. This expenditure was across a number of areas including plant and machinery/vehicles (£3.270m), street lighting (£2.287m), roads (£2.086m), energy efficiency (£1.161m), internal and external works (£0.670m), health and wellbeing projects (£0.544m), Civic Centre refurbishment (£0.517m), demolitions (£0.516m), toilet refurbishment (£0.491m), digitisation (£0.468m) re-roofing contracts (£0.330m) and health and safety (£0.300m).
- 2.3.5 The overspend is a result of management action to re-profile project expenditure in line with project delivery timescales and to assist in generating future revenue savings.

Enterprise and Housing Resources (EHR)

- 2.3.6 EHR provisional outturn expenditure was £2.579m, which is £4.687m less than the budget, with expenditure of £1.462m, since period 11. This expenditure included, town centre regeneration projects (£0.270m) and

VDLF funded projects (£1.212m).

2.3.7 The underspend was largely attributable to delays in, site acquisition and works associated with VDLF projects at Ravenscraig (£4.364m), the award of contracts for the CARS project (£0.084m) and an underspend in rechargeable salary costs for the Regeneration and Town Centre projects (£0.210m).

Social Work

2.3.8 Social Work provisional outturn expenditure was £2.147m, which is £0.028m over budget, with expenditure of £0.926m since the last reporting at period 11. This expenditure is in respect of integrated equipment and adaptations.

2.3.9 The overspend is due to slightly greater than projected expenditure on integrated equipment, adaptations and equipment for mobile working.

Composite Capital Programme - Under and Overspends

2.3.10 All Composite Capital programme under and overspends will be managed within the overall 5 year plan.

2.4 Schools & Centres 21 and Children & Young People Projection

2.4.1 The provisional outturn expenditure in total was £31.450m, which was £0.491m greater than budget. The overspend is a result of management action to accelerate project expenditure in line with project delivery timescales and will be managed within the SC21 capital programme.

2.4.2 The Schools and Centres 21 spend of £29.796m in 2018/19 was almost exclusively funded by council borrowing with the Children's & Young Peoples programme expenditure in 2018/19 of £1.654m funded by specific Scottish Government grants.

2.5 City Deal Projection

2.5.1 The provisional outturn spend for 2018/19 was £1.213m which is lower than previously reported. This reflected the impact of the programme modification reported through Policy & Strategy Committee on 21 March 2019 and subsequently approved by the City Deal Cabinet in April 2019. City Deal projects are primarily funded by Scottish Government (SG) Grant and UK Government Grant with the programme funding gap 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 provisional outturn of the HRA capital programme at 31 March 2019 is included within Appendix 2 for information.

2.6.2 The provisional outturn for the Housing Capital Programme of £53.7m in 2018/19 has been funded by borrowing (£30.1m), capital receipts (£0.3m) and capital contributions from revenue (£23.3m).

2.6.3 The provisional outturn for the Housing New Build Programme of £14.6m in 2018/19 has been funded by borrowing (£8.0m), capital contributions from revenue (£4.7m) and specific SG Grant allocation (£1.9m).

2.6.4 The provisional outturn for the Council Buy Back Scheme of £10.8m in 2018/19 has been funded by borrowing (£4.8m), capital contributions from revenue (£2.2m) and specific SG Grant allocation (£3.8m).

2.7 **Capital Programme Summary 2018/19**

2.7.1 The total current programme, provisional outturn and outturn variances for all Council investment is summarised in Appendix 2.

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



Elaine Kemp
Head of Financial Solutions

Revised Composite Capital Programme 2018/19 (excluding SC21, CYP & City Deal)

	Education Youth & Communities	Infrastructure	Enterprise Housing & Resources	Social Work	Unallocated	Total
	£000s	£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	1,033
Approved 2017/18 Projects Carried Forward	721	3,020	3,094	-	-	6,835
Acceleration of Projects from Future Years	2,950	4,013	-	-	-	6,963
Re-profiling of Projects to Future Years	(2,666)	(9,547)	(1,044)	(249)	-	(13,506)
Additional Funding	6,424	6,151	1,000	-	-	13,575
Budget Transfers (to) / from Other Services	(220)	220	-	-	-	-
Budget Transfers (to) / from SC21	(100)	-	-	-	-	(100)
Revised Composite Capital Programme 2018/19	16,695	31,695	7,266	2,119	1,033	58,808

Capital Programme Summary 2018/19

Investment Programme: Provisional Outturn

Investment	Current Programme 2018/19 £000s	Provisional Outturn 2018/19 £000s	Provisional Outturn Variance 2018/19 £000s
Education Youth & Communities	16,695	12,899	3,796
Infrastructure	31,695	33,074	(1,379)
Enterprise Housing & Resources	7,266	2,579	4,687
Social Work	2,119	2,147	(28)
	57,775	50,699	7,076
Transformation Fund	1,033	-	1,033
Total Composite Service Investment	58,808	50,699	8,109
Children & Young People	1,654	1,654	-
Schools & Centres 21	29,305	29,796	(491)
City Deal	1,213	1,213	-
Total Capital Investment Programme	90,980	83,362	7,618
HRA			
Mainstream Programme	56,910	53,733	3,177
New Build Programme	16,449	14,621	1,828
Council Buy Back Scheme	13,200	10,825	2,375