

# North Lanarkshire Council Report

## Finance and Resources Committee

approval  noting

Ref EK/KS/JQ

Date 27/11/19

## Capital Programme 2019/20 Monitoring Report 1 April to 11 October 2019 (Period 7)

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### Executive Summary

The purpose of the report is to provide an update on the 2019/20 resources and expenditure for the Council's Capital Programmes. The report also shows the 2019/20 provisional outturn position and the resultant variances.

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### Recommendations

It is recommended that the Committee notes the financial position of the Council's Capital Programmes as at 11 October 2019.

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### The Plan for North Lanarkshire

Priority Improve North Lanarkshire's resource base

Ambition statement (25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning

## 1. Background

- 1.1 The Council General Fund Capital Investment Programme supported by General Fund resources incorporates a number of components including the Composite Service Core Investment Programme, Hub Campuses including the continuation of SC21 projects and the Early Years Expansion, Enterprise Projects including City Deal, and the Community Investment Fund. In addition, the Housing Revenue Account (HRA) resources support a number of HRA Capital Investment Programmes including Mainstream, New Build and Council Buy Back scheme.
- 1.2 The 2019/2020 General Fund Capital Investment programme is currently £95.165m with a £95.710m investment programme in relation to HRA capital projects. The budget reflects decisions made at the Strategic Capital Delivery Group (SCDG) in accordance with the SCDG terms of reference and where appropriate either by the individual service committees, Finance and Resources Committee or the Policy and Strategy Committee per the Scheme of Administration. Appendix 1 provides a breakdown of the overall 2019/20 budget by Service/ Programme and associated approved budget movements.

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## 2. Report

### 2.1 Overall Council Capital Programme

- 2.1.1 The overall Council capital programme for 2019/20 and the projected outturn as at 11 October 2019 (Period 7) is summarised in Table 1 below:

#### Capital Programme Summary 2019/20

##### Investment

	Current Programme £000s	Projected Outturn £000s	Outturn Variance £000s
Composite Service Core Investment	64,278	64,278	0
Hub Campuses	13,069	13,069	0
Enterprise Projects	3,818	3,818	0
Community Investment Fund	14,000	4,000	10,000
<b>Sub - Total General Fund Investment</b>	<b>95,165</b>	<b>85,165</b>	<b>10,000</b>
<b>HRA</b>			
Total HRA Investment	95,710	90,500	5,210
<b>Total Council Programme</b>	<b>190,875</b>	<b>175,665</b>	<b>15,210</b>
<b>Resources:</b>			
External Grants & Contributions	74,162	68,645	(5,517)
Capital Receipts	4,525	930	(3,595)
Capital Receipts - Transfer to Capital Fund	(4,525)	(930)	3,595
Capital Receipts - HRA	0	37	37
CFCR	27,178	27,178	0
<i>Borrowing Requirement:</i>			
General Fund Investment	36,079	26,079	(10,000)
HRA Investment	53,456	53,726	270
<b>Total Resources</b>	<b>190,875</b>	<b>175,665</b>	<b>(15,210)</b>

Table 1- Overall Council Capital Programme 2019/20

2.1.2 On a budgeted programme of £190.875m an under spend of £15.210m is currently anticipated. Further financial performance information regarding each of the programmes is discussed in paragraphs 2.2 to 2.4 below.

## **2.2 General Fund Capital Programme and Projected Outturn by Service/ Programme**

2.2.1 The financial performance of the overall General Fund Investment programme as at 11 October 2019 is detailed in Appendix 2 and summarised below.

### **Resources**

2.2.2 Based on the revised programme of £95.165m approved by the SCDG, at period 7 the level of resources required to meet the current programme is projected to be £10.000m less than budget.

2.2.3 In 2019/20 total external grants and contributions of £63.273m are anticipated to be received, of which £59.054m will be applied to the General Fund investment programme in the current year as per Appendix 2. The balance of £4.219m unapplied grant being carried forward to be used in 2020/21. This reflects known commitments from outside bodies to provide capital funding primarily from the Scottish Government General Capital Grant of £36.000m and other specific Scottish Government Grants including VDLF £3.723m, Town Centre Fund Capital Grant of £3.750m, Early Years Expansion Programme £7.700m and £3.282m for Enterprise Projects.

2.2.4 Receipts from the sale of assets support the General fund investment programme. The 2019/20 Capital receipts budget is £4.525m and is projected to be £3.595m less than anticipated due to asset sales not expected to be completed in the current financial year plus additional remediation costs which have recently been identified. These receipts will continue to be closely monitored throughout the financial year. In accordance with previous approvals the anticipated £0.930m receipts will be transferred to the Capital Fund with the intention to draw down from this into revenue during 2020/21.

2.2.5 Appendix 2 indicates a requirement to borrow £26.079m to support the overall general fund programme and reflects the net 2019/20 movements in the acceleration/re-profiling of projects and additional resources in the general fund programme.

### **Expenditure**

2.2.6 Actual expenditure for the 2019/20 General Fund investment programme to 11 October 2019 is £26.609m and committed expenditure is £52.108m, which represents 61.18% of the total projected spend of £85.165m. Further analysis by service/ programme on projected outturn, actual expenditure and commitment to date are contained within Appendix 2, as follows:

### **Enterprise and Communities**

2.2.7 The projected out-turn of £55.363m for Enterprise and Communities is forecast to be in line with budget, reflecting the decision of the SCDG meeting on 7 October 2019 to accelerate/re-profile project budgets and the additional resources available, highlighted within the budget movements summary per Appendix 1.

2.2.8 Expenditure at the end of period 7 is £22.194m which mainly relates to expenditure in relation to Roads (£4.296m), Street Lighting (£2.069m), Vehicles Plant & Equipment (£2.277m), Local Development Plan (£1.702m) Civic Centre Refurbishment (£1.377m) and Re-wiring Contracts (£1.399m).

### **Chief Executives: Business Solutions**

- 2.2.9 Business Solutions is forecasting total expenditure in relation to the capital projects of £6.275m which is in line with budget. Expenditure at the end of period 7 is £0.633m and is forecasting a break-even position at this stage of the financial year reflecting a number of management actions taken through the Strategic Capital Delivery Group to date and expected future proposals.

### **Social Work**

- 2.2.10 Social Work is forecasting total expenditure of £2.640m, which is in line with budget, with expenditure at period 7 being £1.003m.

### **Hub Campuses**

- 2.2.11 The Hub campuses theme incorporates the continuation of the SC21 and Early Years Expansion programme. Actual expenditure across these areas to 11 October 2019 is £2.215m and committed expenditure is £4.862m which represents 37.20% of the projected targeted spend of £13.069m. An analysis of actual expenditure and commitment to date regarding the 2 main programmes is as follows;

#### *Continuation of SC21 Projects (Phase 2 & 3)*

- 2.2.12 Projects in relation to SC21 phase 2 and 3 approvals, are forecasting total expenditure of £5.369m for 2019/20, with no significant variances to note, with expenditure expected to be on target, reflecting the decision of the SCDG meeting on 7 October 2019. This is shown within the budget movements summary in Appendix 1 with actual expenditure at period 7 of £1.844m.

#### *Early Years Expansion*

- 2.2.13 In 2019/20, there is a forecast total expenditure of £7.700m in relation to the early years expansion, with no significant variances, the spend expected to be on target. Actual expenditure at period 7 is £0.371m.

### **Enterprise Projects**

- 2.2.14 Enterprise projects primarily incorporate projects in relation to the City Deal which includes Pan Lanarkshire, A8/M8 improvements and other projects including Motherwell Park and Ride works. Actual expenditure across these areas to 11 October 2019 is £0.564m and committed expenditure is £1.854m, which represents 48.56% of the projected targeted spend of £3.818m.

### **Community Investment Fund (CIF)**

- 2.2.15 The CIF to support new investment over and above the Council core composite and other capital programmes. An initial capital investment of £14.000m has been approved in 2019/20, and work continues to establish priorities for this fund in line with The Plan for North Lanarkshire. This programme is in the early stages of development with a CIF sub-group established and the terms of reference and governance framework recently approved by the SCDG meeting on 7 October 2019. To ensure there is robust governance arrangements around the allocation of this fund and to give full consideration is given to key investment priorities it currently anticipated there will be and underspend £10.000m.

## **2.3 HRA Capital Programme & Projected Outturn**

- 2.3.1 The financial performance of the HRA Capital Programme is reported in detail to the Communities & Housing Committee. A commitment of £81.131m is currently reported, which is 89.65% of the projected outturn. As at period 7 expenditure of £39.498m has been incurred. A summary of performance as at 11 October 2019 is provided at Appendix 3.

- 2.3.2 An under spend of £5.210m, which relates to the mainstream programme, is currently projected against a total programme of £63.450m. This has resulted in a reduction in

borrowing requirement of £5.247m for this programme including the additional £0.037m in capital receipts.

2.3.3 For the new build programme, it is anticipated that expenditure will be on target. However, the resource mix has been amended to reflect the current qualifying expenditure for grant purposes, with government grants of £5.517m being replaced by an equivalent amount of additional borrowing with these grants available for use in 2020/21 with a resultant reduction in borrowing in this year.

2.2.4 The HRA buyback scheme is on target with a projected spend of £12.500m.

## **2.4 Service Virement Requests**

2.4.1 All approved Service virement requests have been incorporated into Appendix 1 with no requests pending.

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## **3. Equality and Diversity**

### **3.1 Fairer Scotland Duty**

There are no specific impacts on Fairer Scotland.

### **3.2 Equality Impact Assessment**

There are specific equality impact assessments to note.

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## **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.

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## **5. Measures of success**

5.1 N/A

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## **6. Supporting documents**

- 6.1 **Appendix 1** Council Capital Programme 2019/20 budget movements  
**Appendix 2** General Fund Investment Programme Summary 2019/20 – as at 11 October 2019 (Period 7)  
**Appendix 3** HRA Capital Investment Programme Summary 2019/20 – as at 11 October 2019 (Period 7)



**Elaine Kemp**  
**Head of Financial Solutions**

2019/20 Council Capital Programme – budget movements

Appendix 1

	<b>Enterprise &amp; Communities</b>	<b>Chief Exec - Business Solutions</b>	<b>Social Work</b>	<b>Hub Campuses</b>	<b>Community Investment Fund</b>	<b>Enterprise Projects</b>	<b>Total General Fund</b>	<b>HRA Capital</b>	<b>Overall Programme</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
2019/20 Opening programme	36,749	7,920	2,418	13,905	14,000	3,293	<b>78,285</b>	95,710	<b>173,995</b>
Additions; New Programmes	-	-	-	-	-	450	<b>450</b>	0	<b>450</b>
Budget Reductions	(200)	-	-	-	-	-	<b>(200)</b>	0	<b>(200)</b>
Impact of SCDG approvals in 2018/19	7,283	379	249	-	-	-	<b>7,911</b>	0	<b>7,911</b>
2018/19 carry forwards	(912)	(64)	(27)	-	-	-	<b>(1,003)</b>	0	<b>(1,003)</b>
19/20 acceleration of projects from future years	7,828	600	-	-	-	-	<b>8,428</b>	0	<b>8,428</b>
19/20 re-profiling of projects to future years	(11,149)	(2,596)	-	(836)	-	-	<b>(14,581)</b>	0	<b>(14,581)</b>
Additional Resources	15,839	36	-	-	-	-	<b>15,875</b>	0	<b>15,875</b>
Budget Transfers	(75)	-	-	-	-	75	<b>0</b>	0	<b>0</b>
<b>Revised Capital Programme 2019/20</b>	<b>55,363</b>	<b>6,275</b>	<b>2,640</b>	<b>13,069</b>	<b>14,000</b>	<b>3,818</b>	<b>95,165</b>	<b>95,710</b>	<b>190,875</b>

General Fund Investment Programme Summary 2019/20 - as at 11 October 2019 (Period 7)

Appendix 2

Investment	Current Programme 2019/20 £000s	Projected Outturn 2019/20 £000s	Outturn Variance 2019/20 £000s	Committed Expenditure @ P7 £000s	Committed Expenditure % of Projected of Projected Outturn	Actual Expenditure @ P7 £000s
Enterprise & Communities	55,363	55,363	0	38,746	69.99%	22,194
Chief Executives: Business Solutions	6,275	6,275	0	5,576	88.86%	633
Social Work	2,640	2,640	0	1,070	40.53%	1,003
<b>Sub - Total Composite Core Investment</b>	<b>64,278</b>	<b>64,278</b>	<b>0</b>	<b>45,392</b>	<b>70.62%</b>	<b>23,830</b>
SC21 - Phase 2 & 3	5,369	5,369	0	4,322	80.50%	1,844
Early Years Expansion	7,700	7,700	0	540	7.01%	371
<b>Sub - Total Hub Campuses</b>	<b>13,069</b>	<b>13,069</b>	<b>0</b>	<b>4,862</b>	<b>37.20%</b>	<b>2,215</b>
City Deal	3,293	3,293	0	1,329	40.36%	501
Motherwell Park & Ride	525	525	0	525	100.00%	63
<b>Sub - Total Enterprise Projects</b>	<b>3,818</b>	<b>3,818</b>	<b>0</b>	<b>1,854</b>	<b>48.56%</b>	<b>564</b>
Community Investment Fund	14,000	4,000	10,000	0	0.00%	0
<b>Total General Fund Investment</b>	<b>95,165</b>	<b>85,165</b>	<b>10,000</b>	<b>52,108</b>	<b>61.18%</b>	<b>26,609</b>

<b>General Fund Resources;</b>			
External Grants & Contributions	59,054	59,054	0
CFCR	32	32	0
Capital Receipts	4,525	930	(3,595)
Capital Receipts - Transfer to Capital Fund	(4,525)	(930)	3,595
<b>Sub -Total Resources Exc.Borrowing</b>	<b>59,086</b>	<b>59,086</b>	<b>0</b>
<i>Borrowing Requirement:</i>			
Composite Core Investment	11,724	15,319	3,595
Add'l due to receipts to capital fund	4,525	930	(3,595)
SC21 Phase 2 & 3	5,369	5,369	0
Community Investment Fund	14,000	4,000	(10,000)
City Deal (14%)	461	461	0
<b>Sub - Total Borrowing Requirement</b>	<b>36,079</b>	<b>26,079</b>	<b>(10,000)</b>
<b>Total Resources</b>	<b>95,165</b>	<b>85,165</b>	<b>(10,000)</b>

Investment	Current Programme 2019/20 £000s	Projected Outturn 2019/20 £000s	Outturn Variance 2019/20 £000s	Committed Expenditure @ P7 £000s	Committed Expenditure % of Projected Outturn	Actual Expenditure @ P7 £000s
Mainstream Programme	63,450	58,240	5,210	55,038	94.50%	28,634
New Build Programme	19,760	19,760	0	17,800	90.08%	6,050
Council Buy Back Scheme	12,500	12,500	0	8,293	66.34%	4,814
<b>Total HRA Investment</b>	<b>95,710</b>	<b>90,500</b>	<b>5,210</b>	<b>81,131</b>	<b>89.65%</b>	<b>39,498</b>

<b>HRA Capital Resources;</b>			
External Grants & Contributions	15,108	9,591	(5,517)
CFCR	27,146	27,146	0
Capital Receipts	0	37	37
<b>Sub - Total Resources exc. Borrowing</b>	<b>42,254</b>	<b>36,774</b>	<b>(5,480)</b>
Borrowing Requirement:			
HRA - Mainstream	40,974	35,727	(5,247)
HRA - New Build	1,482	6,999	5,517
HRA - Buyback Scheme	11,000	11,000	0
<b>Sub - Total Borrowing Requirement</b>	<b>53,456</b>	<b>53,726</b>	<b>270</b>
<b>Total Resources</b>	<b>95,710</b>	<b>90,500</b>	<b>(5,210)</b>