

# North Lanarkshire Council Report

## Finance and Resources Committee

approval  noting

Ref EK/KS/JQ

Date 12/03/20

## Capital Programme 2019/20 Monitoring Report 1 April to 31 January 2020 (Period 11)

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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 31 January 2020 and approves the Strategic Capital Delivery Group decision to reprofile £13.383m of the Community Investment Fund budget to 2020/21. This reprofiling reflects current progress whereby work continues to establish priorities for this fund in line with *The Plan for North Lanarkshire* over a 10 year planning period.

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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 £78.151m with a £90.500m 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 31 January 2020 (Period 11) is summarised in Table 1 below:

#### Capital Programme Summary 2019/20

	<b>Current Programme £000s</b>	<b>Projected Outturn £000s</b>	<b>Outturn Variance £000s</b>
<b>General Fund (GF)</b>			
Composite Service Core Investment	58,832	58,503	329
Hub Campuses	16,435	16,019	416
Enterprise Projects	2,267	2,267	0
Community Investment Fund	617	617	0
<b>General Fund: Total Capital Investment</b>	<b>78,151</b>	<b>77,406</b>	<b>745</b>
<b>General Fund Resources:</b>			
<b>General Fund</b>			
Net External Grants & Contributions	57,730	57,730	0
Capital Receipts	4,525	1,482	(3,043)
Capital Receipts -Transfer to Capital Fund	(4,525)	(1,482)	3,043
CFCR	232	232	0
<b>General Fund : Total Resources</b>	<b>57,962</b>	<b>57,962</b>	<b>0</b>
<b>General Fund : Borrowing Requirement</b>	<b>20,189</b>	<b>19,444</b>	<b>(745)</b>
<b>HRA : Total Capital Investment</b>	<b>90,500</b>	<b>90,966</b>	<b>(466)</b>
<b>HRA Resources:</b>			
Net External Grants & Contributions	15,108	12,427	(2,681)
Capital Receipts	0	334	334
CFCR	27,146	27,146	0
<b>HRA : Total Resources</b>	<b>42,254</b>	<b>39,907</b>	<b>(2,347)</b>
<b>HRA : Borrowing Requirement</b>	<b>48,246</b>	<b>51,059</b>	<b>2,813</b>
<b>Summary</b>			
<b>Total Council : Capital Investment</b>	<b>168,651</b>	<b>168,372</b>	<b>279</b>
<b>Total Council : Resources</b>	<b>100,216</b>	<b>97,869</b>	<b>(2,347)</b>
<b>Total Council : Borrowing Requirement</b>	<b>68,435</b>	<b>70,503</b>	<b>2,068</b>

Table 1- Overall Council Capital Programme 2019/20

2.1.2 On a budgeted programme of £168.651m an underspend of £0.279m 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 31 January 2020 is detailed in Appendix 2 and summarised below.

### ***General Fund Total Resources***

2.2.2 Based on the revised programme of £78.151m approved by the SCDG, at period 11 the level of resources required to meet the current programme is projected to be £0.745m less than budget primarily due to an anticipated underspend of £0.329m for the Composite Service Core Investment programme and ££0.416m for Hub Campuses.

2.2.3 In 2019/20 net external grants and contributions of £57.730m will be utilised. This capital resource primarily includes the Scottish Government (SG) General Capital Grants receivable of £35.947m and other specific SG Grants including VDLF £3.723m, Town Centre Fund £3.750m, the Early Years Expansion Programme £7.700m and £3.282m for Enterprise Projects. In addition £2.966m of the Early Years Expansion grant and £3.077m VDLF Grant unapplied in 2018/19 is included, offset by grants which will be unapplied and carried forward to 2020/21 which include £5.626m for the Town Centre Fund and VDLF, with £1.432m of City Deal grants also being carried forward to 2020/21.

2.2.4 Receipts from the sale of assets to support the General Fund Investment programme are projected to be £1.482m compared to the budget of £4.525m. This represents an under recovery of £3.043m due to a reduction in proceeds from completed sales, after deducting unforeseen site remediation costs, which is further exacerbated by delays in completing additional sales due to external factors. These receipts will continue to be closely monitored throughout the financial year. In accordance with previous approvals the anticipated £1.482m 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 £19.444m 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.

### ***General Fund Total Expenditure***

2.2.6 Reflecting the approvals of previous SCDG meetings to accelerate/re-profile project budgets and the additional resources available, highlighted within the budget movement summary per Appendix 1, the 2019/20 General Fund investment programme is £78.151m. At Period 11 committed expenditure is £69.208m, which represents 89.41% of the targeted expenditure with actual spend to date of £45.722m. Further analysis by service/ programme on projected outturn, actual expenditure and commitment to date are outlined below and summarised within Appendix 2.

2.2.7 **Enterprise and Communities** are projecting total expenditure of £51.268m, which is £0.256m less than budget. This is due to delays in respect of parking provision at Hebron Hall and Drumpellier car parks (£0.202m), completion works for the bothy at Palacerigg Country Park (£0.050m) and site investigation work on the new Wishaw cemetery development (£0.041m) offset by an overspend in contaminated land and air quality monitoring (£0.041m). Budget re-profiling/acceleration requests will be made to the next meeting of the SCDG as outlined in paragraph 2.4 and detailed in Appendix 4, which, if approved, will bring spend in line with a revised budget. Committed expenditure of £51.705m is currently reported, which represents 88.38% of the targeted expenditure, and actual expenditure to date is £38.378m.

- 2.2.8 **Chief Executives: Business Solutions** is forecasting total expenditure of £4.749m for 2019/20. This is due to a commitment to upgrade corporate telephone devices ahead of schedule, with a resultant overspend of £0.081m. An acceleration of budget request will be made to the next meeting of the SCDG, as outlined in paragraph 2.4 and detailed in Appendix 4, which, if approved, will bring spend in line with the revised budget. Committed expenditure of £4.652m is currently reported, which represents 97.96% of the targeted expenditure with actual spend to date of £2.460m. The projected out-turn reflects a number of management actions taken through the Strategic Capital Delivery Group to date and expected future proposals at period 11.
- 2.2.9 **Adult Health & Social Care** is forecasting total expenditure of £2.486m for 2019/20, which is £0.154m less than budget due to lower than anticipated demand within the Integrated Equipment and Adaptation service (£0.200m) offset by an overspend in the Mobile/Agile/Flexible Working budget (£0.047m) as result of the requirement to roll out the technology during this financial year. Committed expenditure of £1.646m is currently reported, which represents 66.21% of the targeted expenditure with actual spend to date of £1.609m.
- 2.2.10 **The Hub campuses** theme incorporates the continuation of the SC21 and Early Years Expansion programme and is forecasting total expenditure of £16.019m for 2019/20, which is currently £0.416m less than budget. A budget re-profiling request will be made to the next meeting of the SCDG as outlined in paragraph 2.4 and detailed in Appendix 4, which, if approved, will bring spend in line with the revised budget. Committed expenditure of £15.367m is currently reported, which represents 95.93% of the targeted expenditure with actual spend to date of £6.144m. An analysis of actual expenditure and commitment to date regarding the 2 main programmes is as follows;
- 2.2.11 Projects in relation to SC21 phase 2 and 3 approvals, are forecasting total expenditure of £4.705m for 2019/20, which is £0.416m less than budget which will be the subject of a reprofiling request to the next meeting of the SCDG. Committed expenditure of £4.705m is currently reported, which represents 100.00% of the targeted expenditure with actual spend to date of £3.218m.
- 2.2.12 Early Years Expansion is forecasting total expenditure of £11.314m for 2019/20, which is on budget. The projected spend in 2019/20 has risen by £3.648m to reflect contracts now in place for 6 of the 9 new build projects which will be funded by SG grant. Committed expenditure of £10.662m is currently reported, which represents 94.24% of the targeted expenditure with actual spend to date of £2.926m.
- 2.2.13 **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. Total expenditure of £2.267m is now forecast for 2019/20, which is on budget and reflects a reduction of £1.551m to the previously planned programme. This is primarily due to procurement savings being achieved for the Ravenscraig Interchange Access South and East Airdrie Link Road projects, coupled with delays in the Motherwell Transport Interchange delivery programme. The funding of this programme is managed externally by the City Deal Programme Board, with any savings supporting expenditure in other NLC Enterprise projects with NLC's grant being retained at existing levels. Committed expenditure is £1.892m is currently reported, which represents 83.46% of the targeted expenditure and actual spend to date is £1.183m.
- 2.2.14 **Community Investment Fund (CIF)** is to support new investment over and above the Council core composite and other capital programmes with currently anticipated expenditure of approximately £0.617m. Initial capital investment of £14.000m had been approved in 2019/20 however it was agreed at the SCDG meeting on 23rd January to reprofile £13.383m to 2020/21 with Members approval required by the Finance & Resources Committee. However work continues to establish priorities for this fund in

line with *The Plan for North Lanarkshire* over a 10 year planning period. Services are currently in the process of preparing submissions for investment funding which will be evaluated in accordance with CIF sub-group governance arrangements. Further updates will be provided in future reports.

### **2.3 HRA Capital Investment**

2.3.1 The financial performance of the HRA Capital Programme is reported in detail to the Communities & Housing Committee. A summary of performance as at 31 January 2020 is provided at Appendix 3. Total expenditure of £90.500m is forecast for 2019/20, which reflects overspends of £0.998m on the mainstream programme and £0.452m on the Council Buy-back Scheme, partially offset by a £0.984m underspend on the new build scheme. Committed expenditure of £86.053m is currently reported, which represents 94.60% of the targeted expenditure with actual spend to date of £63.224m.

2.3.2 Re-profiling requests for the mainstream programme of £5.210m were approved by the Communities & Housing Committee on 20 November 2019. For the new build programme, the resource mix has been amended to reflect the current qualifying expenditure for grant purposes, with government grants of £4.236m being replaced by an equivalent amount of additional borrowing. These grants will be available for use in 2020/21 with a corresponding reduction in borrowing.

### **2.4 Service Re-profiling Requests**

2.4.1 As mentioned in paragraphs 2.2.7, 2.2.8 and 2.2.11, to ensure available resources more closely reflect operational activity across themes, there are a number of budget acceleration/re-profiling requests within the Enterprise & Communities, Chief Executives: Business Solutions and Hub Campuses. These are summarised within Appendix 4. As the individual requests are less than £4,000,000, approval is required at the next meeting of the SCDG and on completion of this process they will be reported to the individual Service Committee and Finance and Resources Committee (for noting).

2.4.2 As outlined in 2.2.14 above Members of the Finance & Resources Committee are required to approve the SCDG decision to reprofile £13.383m of the Community Investment Fund budget to 2020/21 in line with their terms of reference.

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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 31 January 2020 (Period 11)

**Appendix 3:** HRA Capital Investment Programme Summary 2019/20 as at 31 January 2020 (Period 11)

**Appendix 4:** Summary of Proposed Budget Acceleration/Re-profiling Requests



**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>Adult Health &amp; Social Care</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>	90,500	<b>168,785</b>
Additions; New Programmes	0	0	0	0	0	450	<b>450</b>	0	<b>450</b>
Budget Reductions	(200)	0	0	0	0	0	<b>(200)</b>	0	<b>(200)</b>
Impact of SCDG approvals in 2018/19	5,518	379	249	0	0	0	<b>6,146</b>	0	<b>6,146</b>
2018/19 carry forwards	(912)	(64)	(27)	0	0	0	<b>(1,003)</b>	0	<b>(1,003)</b>
19/20 acceleration of projects from future years	7,275	600	0	0	0	0	<b>7,875</b>	0	<b>7,875</b>
19/20 re-profiling of projects to future years	(6,219)	(4,203)	0	(1,085)	(13,383)	0	<b>(24,890)</b>	0	<b>(24,890)</b>
Additional Resources	9,388	36	0	3,615	0	(1,551)	<b>11,488</b>	0	<b>11,488</b>
Budget Transfers	(75)	0	0	0	0	75	<b>0</b>	0	<b>0</b>
<b>Revised Capital Programme 2019/20</b>	<b>51,524</b>	<b>4,668</b>	<b>2,640</b>	<b>16,435</b>	<b>617</b>	<b>2,267</b>	<b>78,151</b>	<b>90,500</b>	<b>168,651</b>

Investment	Current Programme 2019/20 £000s	Projected Outturn 2019/20 £000s	Outturn Variance 2019/20 £000s	Committed Expenditure @ P11 £000s	Committed Expenditure % of Projected Outturn	Actual Expenditure @ P11 £000s	Period Movement in Outturn Variance
Enterprise & Communities	51,524	51,268	256	45,407	88.57%	34,309	256
Chief Executives: Business Solutions	4,668	4,749	(81)	4,652	97.96%	2,460	(81)
Adult Health & Social Care	2,640	2,486	154	1,646	66.21%	1,609	(46)
<b>Sub - Total Composite Core Investment</b>	<b>58,832</b>	<b>58,503</b>	<b>329</b>	<b>51,705</b>	<b>88.38%</b>	<b>38,378</b>	<b>129</b>
SC21 - Phase 2 & 3	5,121	4,705	416	4,705	100.00%	3,218	416
Early Years Expansion	11,314	11,314	0	10,662	94.24%	2,926	0
<b>Sub - Total Hub Campuses</b>	<b>16,435</b>	<b>16,019</b>	<b>416</b>	<b>15,367</b>	<b>95.93%</b>	<b>6,144</b>	<b>416</b>
City Deal	1,742	1,742	0	1,367	78.47%	832	0
Motherwell Park & Ride	525	525	0	525	100.00%	351	0
<b>Sub - Total Enterprise Projects</b>	<b>2,267</b>	<b>2,267</b>	<b>0</b>	<b>1,892</b>	<b>83.46%</b>	<b>1,183</b>	<b>0</b>
Community Investment Fund	617	617	0	244	39.55%	17	0
<b>Total General Fund Investment</b>	<b>78,151</b>	<b>77,406</b>	<b>745</b>	<b>69,208</b>	<b>89.41%</b>	<b>45,722</b>	<b>545</b>

<b>General Fund Resources;</b>			
External Grants & Contributions 2019/20	58,745	58,745	0
External Grants & Contributions b/f 2018/19	6,043	6,043	0
External Grants & Contributions Unapplied	(7,058)	(7,058)	0
Net External Grants & Contributions	57,730	57,730	0
CFCR	232	232	0
Capital Receipts	4,525	1,482	(3,043)
Capital Receipts - Transfer to Capital Fund	(4,525)	(1,482)	3,043
<b>Total Resources</b>	<b>57,962</b>	<b>57,962</b>	<b>0</b>
<i>Borrowing Requirement:</i>			
Composite Core Investment	8,936	11,650	2,714
Add'l due to receipts to capital fund	4,525	1,482	(3,043)
SC21 Phase 2 & 3	5,121	4,705	(416)
Early Years Expansion	648	648	0
Community Investment Fund	617	617	0
City Deal	342	342	0
<b>Total Borrowing Requirement</b>	<b>20,189</b>	<b>19,444</b>	<b>(745)</b>
<b>Total Resources incl Borrowing Requirement</b>	<b>78,151</b>	<b>77,406</b>	<b>(745)</b>



Investment	Current Programme 2019/20 £000s	Projected Outturn 2019/20 £000s	Outturn Variance 2019/20 £000s	Committed Expenditure @ P11 £000s	Committed Expenditure % of Projected Outturn	Actual Expenditure @ P11 £000s	Period Movement in Outturn Variance £000s
Mainstream Programme	58,240	59,238	(998)	55,171	93.13%	43,200	(178)
New Build Programme	19,760	18,776	984	17,156	91.37%	12,499	(35)
Council Buy Back Scheme	12,500	12,952	(452)	13,726	105.98%	7,525	(452)
<b>Total HRA Investment</b>	<b>90,500</b>	<b>90,966</b>	<b>(466)</b>	<b>86,053</b>	<b>94.60%</b>	<b>63,224</b>	<b>(665)</b>

<b>HRA Capital Resources;</b>			
External Grants & Contributions	15,108	12,427	(2,681)
External Grants & Contributions Unapplied	0	0	0
Net External Grants & Contributions	15,108	12,427	(2,681)
CFCR	27,146	27,146	0
Capital Receipts	0	334	334
<b>Total Resources</b>	<b>42,254</b>	<b>39,907</b>	<b>(2,347)</b>
<i>Borrowing Requirement:</i>			
HRA - Mainstream	35,764	35,993	229
HRA - New Build	1,482	5,718	4,236
HRA - Buyback Scheme	11,000	8,416	(2,584)
<b>Total Borrowing Requirement</b>	<b>48,246</b>	<b>50,127</b>	<b>1,881</b>
<b>Total Resources incl Borrowing Requirement</b>	<b>90,500</b>	<b>90,034</b>	<b>(466)</b>

## SUMMARY OF PROPOSED BUDGET REPROFILING/ACCELERATION REQUESTS

	Amount	Category	From	To
<b>Service: Enterprise &amp; Communities</b>	<b>£</b>			
<b>Acceleration from future years</b>				
Contaminated Land	40,532	5	Contaminated Land	Contaminated Land
<b>Sub-total</b>	<b>40,532</b>			
<b>Re-profiling to future years</b>				
Parking Hebron Hall	(93,586)	5	Infrastructure Imp to Roads Essential (Year 2)	Infrastructure Imp to Roads Essential (Year 3)
Drumpellier Car Park Extension	(108,511)	5	Infrastructure Imp to Roads Essential (Year 2)	Infrastructure Imp to Roads Essential (Year 3)
Replacement cemetery investigations	(40,894)	5	Infrastructure Improvements to Land (Year 2)	Infrastructure Improvements to Land (Year 3)
Palacerigg Infrastructure	(50,000)	5	Infrastructure Improvements to Land (Year 2)	Infrastructure Improvements to Land (Year 3)
<b>Sub-total</b>	<b>(292,991)</b>			
<b>Total Enterprise &amp; Communities - net movements</b>	<b>(252,459)</b>			

	Amount	Category	From	To
<b>Service: Chief Executives Business Solutions</b>	<b>£</b>			
<b>Acceleration from future years</b>				
Digitisation	(81,369)	5	Communication & Digital (Year 3)	Communication & Digital (Year 2)
<b>Sub-total</b>	<b>(81,369)</b>			
<b>Total Chief Executive - net movement</b>	<b>(81,369)</b>			

		Category	From	To
<b>Hub Campuses (SC21)</b>	<b>£</b>			
<b>Re-profiling to future years</b>				
Schools & Centres Modernisation-Phase 3	(415,625)	5	S & C Modernisation (Year 2)	S & C Modernisation (Year 3)
<b>Sub-total</b>	<b>(415,625)</b>			
<b>Total Hub Campuses (SC21) - net movement</b>	<b>(415,625)</b>			

**In-Year Re-profiling within Thematic Categories**

**Category 1:** Not in excess of £1,000,000 – Approval by SCDG required and if over £100,000 noted by Finance and Resources Committee.

**Category 2:** In excess of £1,000,000 – Consideration by SCDG required with final approval required by Finance and Resources Committee.

**In-Year Re-profiling across Thematic Categories**

**Category 3:** Not in excess of £100,000 – Approval by SCDG required.

**Category 4:** In excess of £100,000 – Consideration by SCDG required with final approval required by Service Committee (if remaining within Service headings) or Finance and Resources Committee (if across Services).

**Re-profiling to/Acceleration from Future Years within Thematic Categories**

**Category 5:** Re-profiling to /Acceleration from future years not in excess of £4,000,000 – Approval by SCDG required plus reported to Service Committee and Finance and Resources Committee (for noting).