

North Lanarkshire Council Report

Finance and Resources Committee

approval noting

Ref EK/KS/JQ

Date 15/05/20

Capital Programme 2019/20 Monitoring Report 1 April 2019 to 31 March 2020 (Provisional Outturn)

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Executive Summary

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

Recommendations

It is recommended that the Committee notes the financial position of the Council's Capital Programmes Provisional Outturn as at 31 March 2020.

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 was £70.410m 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.

2. Report

2.1 Overall Council Capital Programme Provisional Outturn

- 2.1.1 The overall Council capital programme for 2019/20 and the provisional outturn as at 31 March 2020 is summarised in Table 1 below:

Capital Programme Summary 2019/20

	Current Programme £000s	Provisional Outturn £000s	Outturn Variance £000s
General Fund (GF)			
Composite Service Core Investment	56,976	52,392	4,584
Hub Campuses	10,871	10,871	0
Enterprise Projects	1,946	1,946	0
Community Investment Fund	617	282	335
General Fund: Total Capital Investment	70,410	65,491	4,919
General Fund Resources:			
General Fund			
Net External Grants & Contributions	49,834	49,834	0
Capital Receipts	4,525	1,154	(3,371)
Capital Receipts -Transfer to Capital Fund	(4,525)	(1,154)	3,371
CFCR	390	390	0
General Fund : Total Resources	50,224	50,224	0
General Fund : Borrowing Requirement	20,186	15,267	(4,919)
HRA : Total Capital Investment	90,500	90,863	(363)
HRA Resources:			
Net External Grants & Contributions	15,108	13,390	(1,718)
Capital Receipts	0	477	477
CFCR	27,146	27,146	0
HRA : Total Resources	42,254	41,013	(1,241)
HRA : Borrowing Requirement	48,246	49,850	1,604
Summary			
Total Council : Capital Investment	160,910	156,354	4,556
Total Council : Resources	92,478	91,237	(1,241)
Total Council : Borrowing Requirement	68,432	65,117	(3,315)

Table 1- Overall Council Capital Programme 2019/20

2.1.2 On a budgeted programme of £160.910m an underspend of £4.556m is the provisional outturn variance at 31 March 2020. 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 Provisional Outturn by Service/ Programme

2.2.1 The financial performance of the overall General Fund Investment programme as at 31 March 2020 is detailed in Appendix 2 and summarised below.

General Fund Total Resources Provisional Outturn

2.2.2 Based on the revised programme of £70.410m at period 13 the level of resources required to meet the current programme was £4.919m less than budget, primarily due to underspends of £4.584m for the Composite Service Core Investment programme and £0.335m for the Community Investment Fund. The revised programme reflecting in-year SCDG approvals to service requests to accelerate/re-profile project budgets and the inclusion of additional resources available, as highlighted within the budget movement summary per Appendix 1.

2.2.3 In 2019/20 net external grants and contributions of £49.834m were 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 £5.587m of the Early Years Expansion grant, £2.297m VDLF Grant and £0.045m of other grants carried forward from 2018/19 were applied in 2019/20, offset by grants which were unapplied and carried forward to 2020/21, these included £7.246m for the Early Years Expansion grant, £6.526m for the Town Centre Fund and VDLF and £0.529m for other miscellaneous grants.

2.2.4 Receipts from the sale of assets to support the General Fund Investment programme were £1.154m compared to the budget of £4.525m. This represents an under recovery of £3.371m 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. In accordance with previous approvals, the anticipated £1.154m 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 £15.267m 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 Provisional Outturn

2.2.6 **Enterprise and Communities** provisional outturn expenditure was £45.130m, which was £4.538m less than budget.

This underspend primarily resulting from the delayed delivery of Regulatory Waste vehicles (£2.198m) and LDP projects (£0.849m) where works relating to car parks and play areas where quick turnaround times had previously been anticipated have been delayed and in the Street Lighting programme (£0.571m) due to issues with the Glasgow City Council framework contract. Parking provision projects at Hebron Hall and Drumpellier car parks (£0.263m) were delayed due to technical difficulties and timing issues.

The COVID-19 pandemic which resulted in property transactions relating to the Coatbridge town centre regeneration project being contributed to an underspend in the Ambition programme (£0.382m).

2.2.7 **Chief Executives: Business Solutions** provisional outturn expenditure was £4.775m for 2019/20 which was £0.107m over budget.

The overpend is primarily due the accelerated commitment to upgrade corporate telephone devices (£0.063m).

2.2.8 **Adult Health & Social Care** provisional outturn expenditure was £2.486m for 2019/20, which was £0.154m less than budget.

The underspend is due to lower than anticipated demand for hospital equipment in the care in the home environment within the Integrated Equipment and Adaptation service (£0.147m), the Accommodation Investment budget (0.053m) as a result of lower than anticipated roofing costs for the Bellshill area office offset by an overspend in the Mobile/Agile/Flexible Working budget (£0.047m) as result of additional costs associated with the re-design of the Home Support service.

2.2.9 The **Hub campuses** theme incorporates the continuation of the SC21 and Early Years Expansion programme and provisional outturn expenditure was £10.871m for 2019/20, which was on budget. An analysis of actual expenditure regarding the 2 main programmes is as follows;

2.2.10 Projects in relation to SC21 phase 2 and 3 approvals, provisional outturn expenditure was £4.478m for 2019/20, which was on budget.

2.2.11 The Early Years Expansion provisional outturn expenditure was £6.393m for 2019/20, which was on budget after amendments were made to the budget. This reflecting the results of a comprehensive review, which highlighted timing issues between cashflow commitments and actual spend for financial reporting purposes. The budget since the last reporting period has therefore been reduced by £4.955m to £6.393m from £11.348m and will be met primarily from government grants.

2.2.12 **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. Provisional outturn expenditure was £1.946m, which was in line with expectations.

2.2.13 **Community Investment Fund (CIF)** is to support new investment over and above the Council core composite and other capital programmes in line with *The Plan for North Lanarkshire* over a 10 year planning period. Provisional outturn expenditure was £0.282m, which is £0.335m less than budget.

The underspend was principally due to timing delays in starting the Welfare Facility at Bellshill Depot £0.283m.

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. Provisional outturn expenditure was £90.500m which was £0.363m over budget.

2.3.2 This reflects overspends of £1.265m on the mainstream programme, partially offset by underspends of £0.363m on the new build scheme and £0.539m on the Council Buy-back Scheme.

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.

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

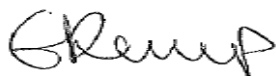
5.1 N/A

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 March 2020 (Provisional Outturn)

Appendix 3: HRA Capital Investment Programme Summary 2019/20 as at 31 March 2020 (Provisional Outturn)



Elaine Kemp
Head of Financial Solutions

2019/20 Council Capital Programme – budget movements

Appendix 1

	Enterprise & Communities	Chief Exec - Business Solutions	Adult Health & Social Care	Hub Campuses	Community Investment Fund	Enterprise Projects	Total General Fund	HRA Capital	Overall Programme
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
2019/20 Opening programme	36,749	7,920	2,418	13,905	14,000	3,293	78,285	90,500	168,785
Additions; New Programmes	0	0	0	0	0	450	450	0	450
Budget Reductions	(200)	0	0	0	0	0	(200)	0	(200)
Impact of SCDG approvals in 2018/19	5,518	379	249	0	0	0	6,146	0	6,146
2018/19 carry forwards	(912)	(64)	(27)	0	0	0	(1,003)	0	(1,003)
19/20 acceleration of projects from future years	7,593	600	0	0	0	0	8,193	0	8,193
19/20 re-profiling of projects to future years	(6,636)	(4,203)	0	(6,798)	(13,383)	0	(31,020)	0	(31,020)
Additional Resources	7,631	36	0	3,764	0	(1,872)	9,559	0	9,559
Budget Transfers	(75)	0	0	0	0	75	0	0	0
Revised Capital Programme 2019/20	49,668	4,668	2,640	10,871	617	1,946	70,410	90,500	160,910

Investment	Current Programme 2019/20 £000s	Provisional Outturn 2019/20 £000s	Outturn Variance 2019/20 £000s
Enterprise & Communities	49,668	45,130	4,538
Chief Executives: Business Solutions	4,668	4,775	(107)
Adult Health & Social Care	2,640	2,487	153
Sub - Total Composite Core Investment	56,976	52,392	4,584
SC21 - Phase 2 & 3	4,478	4,478	0
Early Years Expansion	6,393	6,393	0
Sub - Total Hub Campuses	10,871	10,871	0
City Deal	1,445	1,445	0
Motherwell Park & Ride	501	501	0
Sub - Total Enterprise Projects	1,946	1,946	0
Community Investment Fund	617	282	335
Total General Fund Investment	70,410	65,491	4,919

General Fund Resources;			
External Grants & Contributions 2019/20	56,206	56,206	0
External Grants & Contributions b/f 2018/19	7,929	7,929	0
External Grants & Contributions Unapplied	(14,301)	(14,301)	0
Net External Grants & Contributions	49,834	49,834	0
CFCR	390	390	0
Capital Receipts	4,525	1,154	(3,371)
Capital Receipts - Transfer to Capital Fund	(4,525)	(1,154)	3,371
Total Resources	50,224	50,224	0
<i>Borrowing Requirement:</i>			
Composite Core Investment	10,099	8,886	(1,213)
Add'l due to receipts to capital fund	4,525	1,154	(3,371)
SC21 Phase 2 & 3	4,478	4,478	0
Early Years Expansion	203	203	0
Community Investment Fund	617	282	(335)
City Deal	264	264	0
Total Borrowing Requirement	20,186	15,267	(4,919)
Total Resources incl Borrowing Requirement	70,410	65,491	(4,919)

HRA Capital Investment Programme Summary 2019/20 - Provisional Outturn as at 31 March 2020

Appendix 3

Investment	Current Programme 2019/20 £000s	Provisional Outturn 2019/20 £000s	Outturn Variance 2019/20 £000s
Mainstream Programme	58,240	59,505	(1,265)
New Build Programme	19,760	19,397	363
Council Buy Back Scheme	12,500	11,961	539
Total HRA Investment	90,500	90,863	(363)

HRA Capital Resources;			
External Grants & Contributions	15,108	13,390	(1,718)
External Grants & Contributions Unapplied	0	0	0
Net External Grants & Contributions	15,108	13,390	(1,718)
CFCR	27,146	27,146	0
Capital Receipts	0	477	477
Total Resources	42,254	41,013	(1,241)
<i>Borrowing Requirement:</i>			
HRA - Mainstream	35,764	36,824	1,060
HRA - New Build	1,482	5,518	4,036
HRA - Buyback Scheme	11,000	7,508	(3,492)
Total Borrowing Requirement	48,246	49,850	1,604
Total Resources incl Borrowing Requirement	90,500	90,863	363