

North Lanarkshire Council Report

Finance and Resources Committee

approval noting

Ref RS/GT/JM

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Enterprise and Communities – Capital Monitoring Report

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Executive Summary

This report highlights the financial performance of the 2020/21 Enterprise & Communities capital programme for period ended 16 October 2020 (Period 7).

In summary the Service has a total capital budget of £70.876m across all the work streams (Composite programme £42.791m, Enterprise Projects £4.605m, Schools and Centres Modernisation £7.360m, Early Years Expansion £14.619m and Community Investment Fund £1.501m). The Service is currently forecasting a break even position.

Further explanation of project variances and management action taken by the Service is included in the main report and attached Appendices.

Recommendations

It is recommended that Committee:

- (1) Notes the financial position of the 2020/21 Enterprise & Communities capital programme

The Plan for North Lanarkshire

Priority Improve economic opportunities and outcomes

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

1. Background

- 1.1 Financial year 2020/21 is the third year of the 5 year capital programme. However, on 15 July 2020, the Strategic Capital Delivery Group approved the commencement of work to develop a revised 5 year capital programme for 2021/22 to 2025/26 for presentation to Policy and Strategy Committee in March 2021.
- 1.2 The Enterprise and Communities Composite capital programme of £45.667m was approved by the Policy and Resources Committee on 19 March 2020. The programme has since been reduced by £2.876m mainly to realign the programme to essential and legally committed expenditure only, resulting in a revised Composite capital programme of £42.791m.

In addition to the Composite programme the Service is responsible for the delivery of the following work streams: Enterprise Projects capital programme including City Deal and Ravenscraig Active Travel Links (£4.605m); the Schools and Centres Modernisation capital programme (£7.360m); Early Years Expansion capital programme (£14.619m) and Community Investment Fund (£1.501m).

Overall the total Enterprise and Communities capital programme is £70.876m with Appendix 1 detailing in year budget movements.

- 1.3 The Council's approved Financial Regulations required Executive Directors to remain within their approved budgetary provision, and to report all significant deviations – defined as the higher of £0.100m or 5% - within their budget monitoring reports. Where significant deviations were identified, Executive Directors must provide explanatory commentary, outline the action required to rectify such deviations and where relevant, must also highlight the impact this has on other budget headings.

2. Report

- 2.1 The Service is projecting a break-even position across all of the capital streams of work. Capital budgets and expenditure are summarised into Thematic Categories (see Appendix 2) and Divisional Themes (see Appendix 3). The outturn includes estimates for work in progress, retention payments and contractor claims.
- 2.2 Each of the divisions remain on target at this early stage in the financial year. The Service is currently reviewing a number of potential contractor claims linked to the Covid 19 Pandemic. Once the outcome of these claims are known the costs will be included in future reports.
 - 2.2.1 **Planning & Regeneration (On Target)**
Although the division is currently reporting a break even position there have been a number of changes in relation to external funding.

Across VDLF Projects, it is anticipated that some works previously forecast for this year will now take place in 2021/22 (£0.990m). This is in relation to site remediation works on BioCity Phase 2 project (£0.330m), with only site investigations and acquisition likely to take place this financial year. Additionally, £0.660m will be used to provide Scottish Canals with match funding for the redevelopment of Craigmillar Stables. However, the Heritage Lottery Fund's main grant programme currently remain closed as a result of Covid and as such this spend will now slip into 2021/22.

Initial plans to acquire the Parish Church and Manse as part of the Caledonian Road Development, intended to be funded by the Town Centre Fund (£0.275m) cannot now proceed due to issues related to acquisition. To ensure full utilisation of the Town Centre Fund it is now intended to support works in the Motherwell Library Project.

2.2.2 Assets & Procurement (On Target)

Although the division is currently reporting on target there are a number of compensating variances between the themes as outlined in Appendix 3 with overspends in areas such as demolitions, energy improvement works and educational improvements offset by the impact of COVID-19 related timing delays on areas such as re-wiring and general building improvement works.

2.2.3 Environmental Assets (On Target)

The division continues to project to be on target at financial year end. The position at Period 6 reflects a number of changes in the division's budget associated with changes in external grant funding. These changes have resulted in a net budget increase of £0.922m largely associated with increased funding from Sustrans in response to the COVID-19 health crisis (£0.909m); an increase to the level of work that contractors will achieve this year on the SEPA funded project at Garrellburn (£0.210m); and an increase in scope on a number of other sustainable travel projects, including The Loaning (£0.357m). These increases are partially offset by reductions in funding for Harthill Park & Ride due to delays in the consultancy reporting (£0.367m); and the A73 South Biggar Road delay due to reduction in scope for this year.

2.2.4 Enterprise Projects (On Target)

The division continues to project to be on target at financial year end. The position at Period 7 reflects an anticipated in year increase in external grant funding associated with City Deal projects following the settlement of a contractor claim on the Glenboig Link Road project.

2.2.5 Early Years Expansion (On Target)

The ELC Expansion (1140 Hours) capital programme has been allocated £20.350m from the Scottish Government by way of a multi-year Capital Grant. In the previous financial year, the Strategic Capital Delivery Group (SCDG) allocated a further £2.200m effective from 1 April 2019 specifically for Forgewood FLC coupled with a revenue contribution (CFCR) of £0.148m.

The programme is projecting an overall overspend of £1.150m on final completion of all work streams with projected expenditure of £23.848m relative to aggregate resources of £22.698m.

An in-year balanced budget position is expected, with the anticipated programme overspend being reflected in financial year 2021/22 in accordance with updated project completion timelines.

In addition there are facilities included in the original approved programme that are subject to ongoing review due to a number of site and operational issues. These facilities include Heathery Park FLC, Cumbernauld Village FLC and St Stephens/Carnbroe & Sikeside. Any alteration to the original plans for these sites would alter the overall programme costs and delivery timeline. Regular updates on the progress on the 1140 Hours capital programme will continue to be provided to the Early Years Expansion Delivery Board, the SCDG and Education and Families Committee.

3. Equality and Diversity

3.1 Fairer Scotland Duty

There were no specific impacts on Fairer Scotland.

3.2 Equality Impact Assessment

There were no specific Equality Impact Assessments to note.

4. Implications

4.1 Financial Impact

The Service aims to operate within approved funding levels and utilise budget virements to support emerging issues and mitigate variances across budget heads.

4.2 HR/Policy/Legislative Impact

There were no specific HR/Policy/Legislative impacts.

4.3 Environmental Impact

There were no specific environmental impacts.

4.4 Risk Impact

4.4.1 All activities undertaken by the Council are subject to risk, and in acknowledging the Council's approved Risk Management Strategy, Services managed these as part of their overall corporate and service planning processes. The current economic climate, in particular, has the potential to impact upon the Council's ability to provide quality services within approved budget levels.

4.4.2 To minimise risk this report was prepared by service based Financial Solutions personnel in consultation with budget managers, in accordance with the Financial Regulations.

4.4.3 The Service continues to monitor all projects over the winter period to manage any impact on progress throughout this time of year.

5. Measures of success

5.1 The Service aim is to be in a balanced budget position at financial year-end.

6. Supporting documents

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| 6.1 | Appendix 1 | Budget Movements |
| | Appendix 2 | Summary Expenditure by Thematic Category |
| | Appendix 3 | Summary Expenditure by Division |



Robert Steenson
Executive Director (Enterprise & Communities)

Enterprise & Communities Capital Programme - Budget Movements 2020/21

1st April 2020 - 16th October 2020 (PERIOD 7)	£	£	£	£	£	£
	Composite Programme Budget	Enterprise Projects	Schools & Centres 21	Early Years Expansion	Community Investment Fund	Total
Council Funding Approved at Policy & Strategy	33,809,086	524,711	3,102,320	(3,097,168)	2,619,000	36,957,949
Additional Resources Approved at Policy & Strategy	11,857,612	4,227,289	789,680	12,680,168	-	29,554,749
Total Capital Budget Approved at Policy & Strategy	45,666,698	4,752,000	3,892,000	9,583,000	2,619,000	66,512,698
Final 2019/20 Budget Adjustments	1,679,325	320,589	643,115	5,069,702	0	7,712,731
Impact of 2019/20 Carry Forward	4,538,083	0	0	0	334,922	4,873,005
Adjustments approved at SCDG 15th July 20	(10,815,006)	0	2,825,000	0	(1,452,961)	(9,442,967)
Additional Resources Adjustments agreed at SCDG 15th July 20	424,999	(745,332)	0	(33,763)	0	(354,096)
Additional Resources noted at Housing & Regeneration Committee 9th September 20	0	108,000	0	0	0	108,000
Total 2020/21 Movements	(4,172,599)	(316,743)	3,468,115	5,035,939	(1,118,039)	2,896,673
Revised 2020/21 Budget	41,494,098	4,435,257	7,360,115	14,618,939	1,500,961	69,409,370

Management Action for Noting

Movements to 2020/21 Composite Programme Budget

(i) Budget Adjustments

Additional IT Equipment	25,144	0	0	0	0	25,144
Catering Equipment	85,000	0	0	0	0	85,000
	110,144	0	0	0	0	110,144

(ii) Additional Funding

Developer Contribution in LDP	70,000	0	0	0	0	70,000
Harthill Bus P&R (Reduction of SPT Funding)	(366,898)	0	0	0	0	(366,898)
Social Distancing Measures (Additional Sustrans Funding)	908,871	0	0	0	0	908,871
Sustainable Travel Budget (SPT, SCSP & CWSR))	(200,592)	0	0	0	0	(200,592)
Garrel Burn Project (SEPA Funding)	197,092	0	0	0	0	197,092
Bus Infrastructure Improvements (Reduction of CWSR & SCSP Funding)	(25,000)	0	0	0	0	(25,000)
The Loaning (Additional CWSR Funding)	357,392	0	0	0	0	357,392
Active Travel Strategy (CWSR & SCSP additional funding)	30,000	0	0	0	0	30,000
Alexander Street Feasibility (CWSR)	8,000	0	0	0	0	8,000
Town Centre Fund Additional Grant 2020/21	1,168,000	0	0	0	0	1,168,000
VDLF Grant to be re-profiled to 2021/22	(960,000)	0	0	0	0	(960,000)
City Deal (Grant & NLC Funding)	0	169,480	0	0	0	169,480
	1,186,865	169,480	0	0	0	1,356,345
Sub Total of Budget Movements	1,297,009	169,480	0	0	0	1,466,489
REVISED BUDGET TOTAL	42,791,107	4,604,737	7,360,115	14,618,939	1,500,961	70,875,859

1st April 2020 - 16th October 2020 (PERIOD 7)

Thematic Category	Budget £	YTD					OUTTURN	
		Actual £	Actual %	Committed £	Committed %	Uncommitted £	Projected Outturn £	Outturn variance £
Core Capital Programme								
Unavoidable	13,595,456	2,022,643	15%	10,242,016	75%	3,277,378	13,519,393	76,063
Key Ambition	3,781,213	1,181,312	31%	3,457,010	91%	447,639	3,904,649	(123,436)
External Funding	9,469,448	722,940	8%	5,848,937	62%	3,620,511	9,469,448	0
Statutory Obligation	8,629	4,537	53%	13,166	153%	0	13,166	(4,537)
Building Asset Expenditure	3,536,599	1,052,577	30%	3,363,162	95%	155,663	3,518,825	17,774
Revenue Savings	4,713,127	2,146,740	46%	2,157,131	46%	2,521,858	4,678,989	34,138
Road Asset Expenditure	6,315,656	612,274	10%	2,742,380	43%	3,573,275	6,315,656	(0)
Local Development Plan	1,370,979	397,959	29%	840,469	61%	530,510	1,370,980	0
	42,791,107	8,140,982	19%	28,664,270	67%	14,126,834	42,791,108	(0)
Enterprise Projects	4,604,737	1,149,619	25%	2,118,982	46%	2,485,755	4,604,737	(0)
Schools & Centres 21	7,360,115	1,970,540	27%	4,535,115	62%	2,825,000	7,360,115	0
Early Years Expansion	14,618,939	3,424,688	23%	9,034,440	62%	5,584,500	14,618,939	(0)
Community Investment Fund	1,500,961	49,489	3%	135,275	9%	1,365,686	1,500,961	0
Total	70,875,859	14,735,319	21%	44,488,081	63%	26,387,775	70,875,859	0

Enterprise & Communities Capital Programme 2020/21
Theme Expenditure Summary
1st April 2020 - 16th October 2020 (PERIOD 7)

Theme	Revised Budget £	YTD			OUTTURN	
		Actual £	Committed £	Uncommitted £	Projected Outturn £	Outturn variance £
PLANNING & REGENERATION						
Unavoidable						
Coatbridge Cars	0	(104)	(104)	0	(104)	104
Antonine Wall Project	20,000	6,612	26,612	(6,508)	20,104	(104)
Key Ambition						
Regeneration and Town Centres	2,863,161	528,743	2,415,522	447,639	2,863,161	0
External Funding						
RCGF Fund	1,613,930	0	1,613,930	0	1,613,930	0
Vacant & Derelict Land Fund	4,661,600	366,604	3,044,385	1,617,215	4,661,600	0
Town Centre Fund	3,193,918	356,336	1,190,622	2,003,296	3,193,918	0
TOTAL PLANNING & REGENERATION	12,352,609	1,258,191	8,290,966	4,061,642	12,352,609	(0)
ASSET & PROCUREMENT						
Unavoidable						
Energy Efficiency	0	67,566	67,566	0	67,566	(67,566)
Demolitions	297,545	81,208	468,964	201,066	670,030	(372,485)
Asbestos Management	0	21,280	21,280	0	21,280	(21,280)
Health and Safety	163,970	0	0	163,970	163,970	0
Condition Surveys	50,000	38	22,727	0	22,727	27,273
Re-wiring Contracts	187,748	19,374	19,374	0	19,374	168,374
Boiler Upgrade and Replacement	0	34,238	100,000	0	100,000	(100,000)
Re-Roofing Contracts	330,836	28,653	137,466	150,000	287,466	43,370
Window Replacements	0	0	0	20,000	20,000	(20,000)
Internal and External Works	752,425	137,926	93,057	136,128	229,185	523,240
Estates - Capital Delivery	125,000	0	125,000	0	125,000	0
Core Works	0	101	101	0	101	(101)
Community Facilities - Condition Survey Works	608,842	2,455	194,042	415,545	609,587	(745)
Libraries	397,754	73,195	51,736	324,559	376,294	21,460
Museums Arts - Air Conditioning Unit	36,677	0	0	36,677	36,677	0
Culture NL Venues	247,387	0	0	247,387	247,387	0
NLL Condition Surveys	181,193	44,362	79,263	106,233	185,496	(4,303)
NLL Health & Safety	87,016	6,904	37,936	50,261	88,197	(1,181)
Key Ambition						
AMP Transformation	0	21,721	55,000	0	55,000	(55,000)
Additional Support Needs	15,129	72,885	72,885	0	72,885	(57,756)
Curriculum Development	522,923	339,349	522,924	0	522,924	(1)
ASN	0	0	0	0	0	0
Pitches - Former Education	0	9,267	9,267	0	9,267	(9,267)
NLL Sports Pitches	380,000	209,346	381,412	0	381,412	(1,412)
Statutory Obligation						
Disability Access DDA	8,629	100	8,729	0	8,729	(100)
Health and Safety	0	4,437	4,437	0	4,437	(4,437)
Community Facilities - Fire Safety	0	0	0	0	0	0
Building Asset Expenditure						
Floor Coverings and Decoration	0	0	0	0	0	0
Toilet Refurbishments	0	1,575	1,575	0	1,575	(1,575)
Civic Centre Refurbishment	230,449	24,200	230,449	0	230,449	(0)
Office Accommodation	0	15,003	15,003	0	15,003	(15,003)
Refurbishment of Dining Counter Server Areas	0	0	0	0	0	0
Estates - CGA	62,000	43,255	62,000	0	62,000	0
Environmental Assets - Building Improvements	20,325	62,976	62,976	0	62,976	(42,651)
Sustainable Estate	2,985,045	884,289	2,914,938	0	2,914,938	70,106
NLL Major Maintenance	238,780	21,280	76,221	155,663	231,884	6,896
Revenue Savings						
Renewal of Building Cleaning Equipment	407,000	412,681	412,681	0	412,681	(5,681)
Renewal of Catering Equipment	52,000	383	(39,436)	51,617	12,181	39,819
Design Fees						
Design Fees	1,250,085	0	1,370,081	0	1,370,081	(119,996)
TOTAL ASSET & PROCUREMENT	9,638,758	2,640,046	7,579,653	2,059,105	9,638,758	(0)
ENVIRONMENTAL ASSETS						
Unavoidable						
Street Lighting Infrastructure/Carbon Restructure	3,777,450	82,087	2,677,450	1,100,000	3,777,450	0
Infrastructure Improvements - Roads (essential)	4,814,565	1,291,042	4,593,010	221,555	4,814,565	0
Infrastructure Improvements to Land – Cemetery Works	0	0	0	0	0	0
7 Lochs project	77,630	0	30,749	46,881	77,630	0
Road Asset Expenditure						
Infrastructure Improvements - Roads	1,424,654	193,668	696,333	728,321	1,424,654	0
Other Infrastructure Health and Wellbeing projects (walking & cycling network, sustainable travel)	2,997,503	325,589	924,761	2,072,741	2,997,503	0
Gartcosh/Glenboig Community Growth Area	0	0	0	0	0	0
Infrastructure Improvements to Land	1,020,961	71,003	329,856	691,105	1,020,961	0
Other Infrastructure Health and Wellbeing projects (parks, woodlands and local nature reserves)	872,538	22,014	791,429	81,109	872,538	0
Revenue Savings						
Plant, Machinery and Vehicles - Land Management Machinery and Vehicles	273,403	1,619	1,619	271,784	273,403	0
Plant, Machinery and Vehicles - Woodland Management	0	0	0	0	0	0
Plant, Machinery and Vehicles - Country Parks Equipment	71,747	0	50,210	21,537	71,747	0
TOTAL ENVIRONMENTAL ASSETS	15,330,451	1,987,021	10,095,417	5,235,033	15,330,451	0

Theme	Revised Budget £	YTD			OUTTURN	
		Actual £	Committed £	Uncommitted £	Projected Outturn £	Outturn variance £
REGULATORY SERVICES & WASTE SOLUTIONS						
Unavoidable						
Contaminated Land and Air Quality Monitoring	189,333	125,708	125,708	63,625	189,333	0
Revenue Savings						
Investment in New Vehicles	3,581,491	1,676,642	1,676,642	1,904,849	3,581,491	0
Plant, Machinery and Vehicles - Workshop Equipment	145,566	0	0	145,566	145,566	0
Plant, Machinery and Vehicles - HWRC Machinery & Equipment	181,920	55,415	55,415	126,505	181,920	0
TOTAL REGULATORY SERVICES & WASTE SOLUTIONS	4,098,310	1,857,765	1,857,765	2,240,545	4,098,310	0
COMMUNITIES						
Local Development Plan	1,370,979	397,959	840,469	530,510	1,370,979	0
TOTAL COMMUNITIES	1,370,979	397,959	840,469	530,510	1,370,979	0
TOTAL COMPOSITE CAPITAL PROGRAMME	42,791,107	8,140,982	28,664,270	14,126,835	42,791,108	(0)
ENTERPRISE PROJECTS						
CITY DEAL						
Pan Lanarkshire	3,818,261	628,822	1,517,979	2,300,283	3,818,261	(0)
A8/M8 Improvements	126,993	25,251	25,251	101,743	126,993	(0)
Gartcosh/Glenboiq CGA	527,921	470,802	449,572	78,349	527,921	(0)
Benefits Realisation Monitoring	0	0	0	0	0	0
TOTAL CITY DEAL	4,473,175	1,124,875	1,992,802	2,480,374	4,473,175	(0)
ENTERPRISE PROJECTS						
Enterprise Projects	131,562	24,744	126,180	5,382	131,562	0
TOTAL ENTERPRISE PROJECTS	4,604,737	1,149,619	2,118,982	2,485,756	4,604,737	(0)
SCHOOLS & CENTRES MODERNISATION						
TOTAL SCHOOLS & CENTRE MODERNISATION	7,360,115	1,970,540	4,535,115	2,825,000	7,360,115	0
EARLY YEARS EXPANSION						
CYP (600hrs 0-2 Year Grant)	0	0	0	0	0	0
1140 Extensions	1,177,000	361,282	1,177,000	0	1,177,000	0
1140 Remodel	0	0	0	0	0	0
1140 Adaption	1,195,000	141,274	1,195,000	0	1,195,000	0
1140 Newbuilds	11,174,885	2,918,849	5,874,156	5,300,729	11,174,885	(0)
1140 Kitchens/Catering Equipment	287,054	3,283	3,283	283,771	287,054	0
1140 Outdoor Play Equipment	0	0	0	0	0	0
1140 Educational Equipment	785,000	0	785,000	0	785,000	0
TOTAL EARLY YEARS EXPANSION	14,618,939	3,424,688	9,034,440	5,584,500	14,618,939	(0)
COMMUNITY INVESTMENT FUND						
Midforrest Community Growth Area	50,000	0	50,000	0	50,000	0
Palacerigg CGA	25,000	0	25,000	0	25,000	0
Local Development Plan	108,961	19,214	30,000	78,961	108,961	0
Bellside Bridge	0	0	0	0	0	0
Depot Rationalisation	0	0	0	0	0	0
Bellshill Complex Project	1,317,000	20,630	20,630	1,296,370	1,317,000	0
S/clyde Park Masterplan	0	0	0	0	0	0
Office Accommodation	0	9,645	9,645	(9,645)	0	0
Community Hubs	0	0	0	0	0	0
TOTAL COMMUNITY INVESTMENT FUND	1,500,961	49,489	135,275	1,365,686	1,500,961	0
TOTAL ENTERPRISE AND COMMUNITIES	70,875,859	14,735,319	44,488,081	26,387,776	70,875,859	0