

North Lanarkshire Council Report

Finance and Resources Committee

Does this report require to be approved?

☐ Yes ☒ No

Ref EK/GT/RM

Date

28/02/24

Capital Programme 2023/24 Monitoring Report

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Executive Summary

The purpose of the report is to provide an update on the 2023/24 resources and expenditure for the Council's Strategic Capital Investment Programme. The report also shows the 2023/24 projected outturn position and the resultant variances.

The capital programme continues to face challenges in relation to the wider economic climate linked to availability of materials, contractors and inflationary pressures. It is currently anticipated that the General Fund programme will have a projected programme variance during 2023/24 of £3.344m as the expenditure profile has been reviewed across the multi-year programme for live projects, and also projects in development.

With the HRA programme, it is currently anticipated that there will be a programme variance of £8.177m primarily due to acceleration of specific projects in the New Build programme previously scheduled to complete in 2024/25 and increase in the Buy Back programme as the service anticipates the purchase of additional properties in the current financial year and increased average property prices and associated repairs costs.

Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledges the financial position of the Council's Strategic Capital Investment Programme as at 5 January 2024.

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
Programme of Work	Statutory / corporate / service requirement

1. Background

- 1.1 The Strategic Capital Investment Programme 2021/22 to 2025/26 was originally approved at Policy and Strategy Committee in March 2021, with an updated programme profile for 2023/2024 to 2025/2026 approved in March 2023 and represents the total Community Investment Programme incorporating the General Services Capital Programme and HRA Capital Programmes. The programme was developed in conjunction with Services and led by the Strategic Capital Delivery Group (SCDG) using the principles established by the Council's Capital Strategy.
- 1.2 The General Services Capital Programme supported by General Services resources demonstrates to communities that the place making visions for towns remains a priority, and that the Council considers the approved 5-year capital investment plan to be a major boost to assist the recovery of the local economy. It is also a clear statement that the Council is planning beyond the pandemic to deliver on the long-term needs and aspirations of communities. The programme includes additional investment in Town and Community Hubs, the City Deal programme, and external grant funding.
- 1.3 In addition, the Housing Revenue Account (HRA) resources support several HRA Capital Investment Programmes including Mainstream, Ambition, New Build and Council Buy Back scheme.
- 1.4 The 2023/2024 General Services Capital Programme is currently £147.883m with a £125.392m investment programme in relation to the Housing Revenue Account. The budget reflects the approved budget in March 2023 at Policy and Strategy Committee and subsequent 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 2023/24 budget by Service Programme and associated approved budget movements.

2. Report

Overall Council Strategic Capital Investment Programme

- 2.1 The overall Council Strategic Capital Investment programme for 2023/24 and the projected outturn to the 31 March 2024 is summarised in Table 1 as follows:

Community Capital Investment Programme Summary 2023/24

	Current Programme £000s	Projected Outturn £000s	Outturn Variance £000s
Enterprise & Communities	132,056	130,742	1,314
Chief Executives	13,639	11,609	2,030
Adult Health & Social Care	2,188	2,188	0
General Services: Total Capital Investment	147,883	144,539	3,344
General Services Resources:			
General Fund			
External Grants & Contributions 2023/24	43,601	43,601	0
External Grants & Contributions b/f 2022/23	16,325	16,325	0
External Grants & Contributions Unapplied	(2,115)	(2,115)	0
Net External Grants & Contributions	57,811	57,811	0
Capital Receipts	1,000	1,859	859
Capital Receipts -Transfer to Capital Fund	0	(859)	(859)
CFCR	3,783	3,783	0
General Services: Total Resources	62,594	62,594	0
General Services : Borrowing Requirement	85,289	81,945	(3,344)
HRA : Total Capital Investment	125,392	133,569	(8,177)
HRA Resources:			
Net External Grants & Contributions	19,385	27,318	7,933
Capital Receipts	0	540	540
CFCR	27,146	19,427	(7,719)
HRA : Total Resources	46,531	47,285	754
HRA : Borrowing Requirement	78,861	86,284	7,423
Summary			
Total Council : Capital Investment	273,275	278,108	(4,833)
Total Council : Resources	109,125	109,879	754
Total Council : Borrowing Requirement	164,150	168,229	4,079

- 2.2 On a budgeted programme of £273.275m expenditure is anticipated to be £4.833m higher than current programme at this stage of the financial year. Further financial performance information regarding each of the programmes is discussed in section 2.3 and 2.11 below.

General Services Capital Programme and Projected Outturn by Service/ Programme

- 2.3 The financial performance of the overall General Services Investment programme at 31 March 2024 is detailed in Appendix 2 and summarised below.

General Services Total Resources

- 2.4 The revised programme is £147.883m incorporating decisions of the Housing Committee and SCDG to reprofile £55.049m and £20.966m respectively, to future years of the capital planning period. Total resources available to meet the current programme are forecast to be £62.594m, resulting in a borrowing requirement of £85.289m.
- 2.5 In 2023/24 net external grants and contributions of £57.811m will be utilised. This capital resource primarily includes the Scottish Government (SG) General Capital Grants receivable of £24.134m and other specific SG Grants including City Deal (£3.000m), Vacant and Derelict Land Fund (VDLF, £1.841m), the Place Based Investment Programme (PBIP, £1.698m), and Cycling, Walking and Safer Streets (CWSS, £2.180m), Live Labs II (LL II £1.865m) and also NHS contributions of £4.933m. In addition, capital grants received in 2022/23 have been added to the programme to match expenditure in 2023/24 including £8.730m for Levelling Up Fund (LUF), £3.291m for VDLF, £2.283m for PBIP, £1.235m for Regeneration Capital Grant Fund, £0.289m for Shared Prosperity Fund, £0.272m for CO2 Monitors and £0.230m for Vacant and Derelict Land Investment Programme. This has been offset by £2.115m of external grant and contributions which will not be applied in 2023/24 including £1.000m for VDLF and £1.115m for LL II, in respect of projects which will not now be completed until 2024/25.
- 2.6 Receipts from the sale of assets are currently projected to be £1.859m, which is £0.859m greater than the budget of £1.000m. In accordance with the approach agreed within the Strategic Capital Investment Programme 2021/22 to 2025/26, capital receipts above the budgeted level of £1.000m will be transferred to the Capital Fund and drawn down to support the Council's future revenue budget strategy.

General Services Total Expenditure

- 2.7 As indicated in Table 1 the General Services investment programme is £147.883m. At Period 10, the outturn spend is anticipated to be £3.344m lower than current programme. This is primarily due to the outcome of updated programming projections which have affected several investment themes. The Council's SCDG continues to monitor the situation closely. Further analysis by service/programme is outlined below and summarised within Appendix 2.
- 2.8 **Enterprise and Communities** is projecting outturn expenditure of £130.742m, which is a £1.314m variance from current programme.

Across Assets and Procurement there are a number of compensating variances arising from the multi-year programme of activity. Maintaining Existing Assets is forecasting a variance of £0.547m, mainly in relation to increased costs for upgrades of school kitchens and Allanton PS toilet upgrade. Additional in-year costs are forecast for Sustainable Estate of £0.194m, Early Learning and Childcare of £0.158m and Demolitions of £0.109m, where acceleration of expenditure has ensured that the disposal of surplus properties is carried out as efficiently as possible.

These are offset by in-year programme variances in Carbon Management of £0.611m where works associated with the Council's commitment to achieve net zero carbon emissions and ASN Rationalisation of £0.497m where work on Netherton, Childrens Houses and Seven Day Centre are now due to span into the 2024/25 financial year. Community Operations are forecasting a variance of £0.722m with variances of £0.728m for Road Asset Management street lighting works now expected to fall into

2024/25 and also LED infrastructure works coming in less than forecasted offset by higher than anticipated drainage works of £0.059m for St Patrick's Cemetery. The Parks Master Plan theme is also reporting a variance of £0.069m as a result of delays in the announcement from the Scottish Government for the Green Growth Accelerator project.

Within City Deal, an in-year variance of £0.592m is now forecast following a probable outturn review.

Committed expenditure of £114.877m is currently reported, which represents 87.87% of the targeted expenditure, and actual expenditure is £85.525m.

- 2.9 **Chief Executives** is projecting total expenditure of £11.609m, which is a £2.030m variance from current programme. This is primarily attributable to slippage arising from the prioritisation of projects which will complete prior to 31 March 2024. This has resulted in reduced in-year expenditure and affected procurement within Line of Business (£0.450m), Digitisation & Innovation (£0.425m), End User Device Refresh (£0.190m) and Strategic Communications and Engagement (£0.965m). Committed expenditure of £8.810m is currently reported, which represents 75.89% of the targeted expenditure, and actual expenditure is £5.177m.
- 2.10 **Adult Health & Social Care** is projecting outturn expenditure of £2.188m, which is on target with current programme. Committed expenditure of £1.567m is currently reported, which represents 71.62% of the targeted expenditure, and actual expenditure is £1.317m.

HRA Capital Investment

- 2.11 The financial performance of the HRA Capital Programme is reported in detail to the Housing Committee. A summary of performance as at 5 January 2023 is provided at Appendix 3. Total expenditure of £133.569m is forecast for 2023/24 which is an increase on programmed expenditure of £8.177m. This is primarily due to a £1.884m acceleration in the New Build programme at Lorne Place, Coatbridge previously scheduled to complete in 2024/25 and a £5.870m increase in the Buy Back programme as the service anticipates the purchase of additional properties in the current financial year and increased average property prices and associated repairs costs.
- 2.12 The in-year variance is supported by longer-term financial planning assumptions within the HRA.
- 2.13 Committed expenditure of £133.072m is currently reported, which represents 99.63% of the targeted expenditure, and actual expenditure is £90.386m.

Service Re-profiling Requests

- 2.14 As mentioned in paragraph 2.8, to ensure available resources more closely reflect operational activity across themes, requests within the Enterprise and Communities service to reprofile budget to future years of the programme will be required and these will be presented for approval at a future meeting of the SCDG and will be incorporated in future reports.

3. Measures of success

- 3.1 N/A
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4. Supporting documentation

Appendix 1: Strategic Capital Investment Programme 2023/24 budget movements

Appendix 2: General Services Capital Investment Programme Summary 2023/24

Appendix 3: HRA Capital Investment Programme Summary 2023/24



Elaine Kemp
Chief Officer (Finance)

5. Impacts

5.1 Public Sector Equality Duty and Fairer Scotland Duty Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact? If Yes, has an assessment been carried out and published on the council's website? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/>
5.2 Financial impact Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact? The financial impact is outlined within the report.
5.3 HR policy impact Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
5.4 Legal impact Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
5.5 Data protection impact Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input type="checkbox"/>

5.6	<p>Technology / Digital impact</p> <p>Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
5.7	<p>Environmental / Carbon impact</p> <p>Does the report / project / practice contain information that has an impact on any environmental or carbon matters?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p>
5.8	<p>Communications impact</p> <p>Does the report contain any information that has an impact on the council's communications activities?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p>
5.9	<p>Risk impact</p> <p>Is there a risk impact?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?</p> <p>Despite the updated programme phasing approved at Policy and Strategy Committee on 16 March 2023 the capital programme continues to face ongoing delivery risks and challenges. These are currently being managed by services and Project Boards associated with specific programme delivery and will continue to be monitored throughout the year in accordance with the SCDG Terms of Reference.</p>
5.10	<p>Armed Forces Covenant Duty</p> <p>Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.</p>

5.11 Children's rights and wellbeing impact

Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

Yes ☐ No ☒

If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Yes ☐ No ☐

2023/24 Strategic Capital Investment Programme – budget movements

Appendix 1

	Enterprise & Communities	Chief Executives	Adult Health & Social Care	Corporate	Total General Services Investment Programme	Total HRA Investment Programme	Total Community Investment Programme
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
23/24 Opening programme approved Policy & Strategy Committee 16 March '23	190,795	14,346	2,200	0	207,341	130,990	338,331
22/23 Overs/Unders Carry Forward	20,366	616	(12)	0	20,970	(5,598)	15,372
23/24 Budget adjustments approved by SCDG	(13,682)	(1,122)	0	0	(14,804)	0	(14,804)
23/24 Budget adjustments approved by Housing Committee	(54,849)	(200)	0	0	(55,049)	0	(55,049)
Increase/(Decrease) in Externally Funded Projects	(10,748)	(1)	0	0	(10,749)	0	(10,749)
Increase/(Decrease) in Council Funded Projects	(3,609)	0	0	0	(3,609)	0	(3,609)
CFCR	3,783	0	0	0	3,783	0	3,783
Revised Capital Programme 2023/24	132,056	13,639	2,188	0	147,883	125,392	273,275

General Services Capital Investment Programme Summary 2023/24 - as at 31 March 2024

Appendix 2

Investment	Current Programme 2023/24 £000s	Projected Outturn 2023/24 £000s	Outturn Variance 2023/24 £000s	Committed Expenditure @ P10 £000s	Committed Expenditure % of Projected Outturn	Actual Expenditure @ P10 £000s
Enterprise & Communities	132,056	130,742	1,314	114,877	87.87%	85,525
Chief Executives	13,639	11,609	2,030	8,810	75.89%	5,177
Adult Health & Social Care	2,188	2,188	0	1,567	71.62%	1,317
Total General Services Investment	147,883	144,539	3,344	125,254	86.66%	92,019

General Services Resources;			
External Grants & Contributions 2023/24	43,601	43,601	0
External Grants & Contributions b/f 2022/23	16,325	16,325	0
External Grants & Contributions Unapplied cfwd to 2024/25	(2,115)	(2,115)	0
Net External Grants & Contributions	57,811	57,811	0
CFCR	3,783	3,783	0
Capital Receipts	1,000	1,859	859
Capital Receipts - Transfer to Capital Fund	0	(859)	(859)
Total Resources	62,594	62,594	0
<i>Borrowing Requirement:</i>			
General Services	85,289	81,945	(3,344)
Total General Services Borrowing Requirement	85,289	81,945	(3,344)
Total Resources incl Borrowing Requirement	147,883	144,539	(3,344)

HRA Capital Investment Programme Summary 2023/24 - as at 31 March 2024

Appendix 3

Investment	Current Programme 2023/24 £000s	Projected Outturn 2023/24 £000s	Outturn Variance 2023/24 £000s	Committed Expenditure @ P10 £000s	Committed Expenditure % of Projected Outturn	Actual Expenditure @ P10 £000s
Mainstream Programme	55,347	55,770	(423)	55,770	100.00%	40,661
New Build Programme	59,995	61,879	(1,884)	61,879	100.00%	40,007
Council Buy Back Scheme	10,050	15,920	(5,870)	15,423	96.88%	9,718
Total HRA Investment	125,392	133,569	(8,177)	133,072	99.63%	90,386

HRA Capital Resources;			
External Grants & Contributions	19,385	27,318	7,933
External Grants & Contributions Unapplied	0	0	0
Net External Grants & Contributions	19,385	27,318	7,933
CFCR	27,146	19,427	(7,719)
Capital Receipts	0	540	540
Total Resources	46,531	47,285	754
<i>Borrowing Requirement:</i>			
HRA - Mainstream	32,871	32,871	0
HRA - New Build	40,236	43,917	3,681
HRA - Buyback Scheme	5,754	9,496	3,742
Total Borrowing Requirement	78,861	86,284	7,423
Total Resources incl Borrowing Requirement	125,392	133,569	8,177