

General Services Capital Plan 2017/18**Report by Gary Fairley, Head of Finance and Integrated Service Support****1 Purpose of Report**

The purpose of this report is to provide Council with:-

- An update of the General Services Capital Plan to incorporate new projects approved since the previous report to Council on 29 August 2017 and recommend further additions to the Capital Plan for approval (Section 2);
- Information on rephasing of project expenditure & funding in 2017/18 (Section 3.1); and
- Information on the projected performance against budget for 2017/18 (Section 3.2/3.3).

2 New Projects**2.1 Approved Projects**

Since the report to Council on 29 August 2017, the following projects have received approval by Council for inclusion in the General Services Capital Plan.

Council 29 August 2017

- **A701 Relief Road & A702 Spur Road:** Preparatory Works for the new A701 & A702 roads. £1.426 million budget fully funded by collected developer contributions. Phasing of expenditure and funding across 2017/18 and 2018/19;
- **Recovery Hub:** Establishment of a Recovery Hub as a centre for the delivery of mental health and substance misuse services in Midlothian. £0.848 million budget to be funded by prudential borrowing. Phasing of expenditure and funding across 2018/19 and 2019/20.

2.2 Projects presented for approval

The following new projects are being presented for inclusion in the General Services Capital Plan:-

- **Gorebridge Connected:** Community regeneration project as part of the Borders Railway Blueprint programme, including heritage enhancement works to Hunter Square along with a train station cafe & gallery. £1.188 million budget funded by £1.038 million funding from Scottish Government grant and £0.150 million developer contributions for Gorebridge Town Centre/Community Facilities. Phasing of project expenditure across 2017/18 and 2018/19. Approved subject to funding by the Borders Rail Blueprint Leaders Group on 30 June 2017. Funding now confirmed by Scottish Government with formal offer letter to follow;

- **Track to Train:** Refurbishment of existing building at Newtongrange train station into a new bistro/cafe. £0.360 million budget fully funded through Scottish Government Regeneration Capital Grant Fund. Phasing of project expenditure across 2017/18 and 2018/19. Approved by the Borders Rail Blueprint Leaders Group on 28 November 2016. Both this project and Gorebridge Connected align with our commitment to invest in priority communities;
- **Leisure Management System:** Implementation of the Legend leisure management system across Midlothian's leisure facilities including the Midlothian Snowsports Centre. £0.169 million budget to be funded by prudential borrowing. Phasing of project expenditure across 2017/18 and 2018/19. Approved by CMT on 31/05/2017 with preferred tenderer now selected and consultancy work now being undertaken and provision therefore required in the General Services Capital Plan;
- **Westerhaugh Bridge:** Essential structural works to allow Westerhaugh Bridge to remain open (located near to Dalmore by Auchendinny along the Penicuik to Bonnyrigg walkway). £0.030 million budget to be funded by prudential borrowing. Phasing of project expenditure fully in 2017/18. Approved by CMT on 09/08/2017.

3 2017/18 Budget

The Quarter 1 monitoring position for the General Services Capital Plan for 2017/18 was presented to Council on 29 August 2017 and, after accounting for known rephasing of projects, budgeted for expenditure of £28.448 million and funding of £17.452 million, therefore giving a budgeted in-year borrowing requirement of £10.996 million.

The inclusion of the projects outlined in Section 2 above revised the budgets for expenditure and income to £30.483 million and £19.351 million respectively, giving a revised budgeted in-year borrowing requirement of £11.132 million.

3.1 Adjustments to 2017/18 Budget

Expenditure and income forecasts for 2017/18 have been rephased based on the most recent information available. Material rephasing of project budgets are shown in Table 1 overleaf:-

Table 1: Rephasing of project expenditure budgets

Project	Description of amendment to budget	Previous Budget £000's	Revised Budget £000's	Budget Movement £000's
Road Upgrades	Rephasing of spend compared to previous planning assumption	1,306	1,901	+595
Street Lighting	Rephasing of spend compared to previous planning assumption	761	1,111	+350
Vehicles & Plant Replacement Programme	Rephasing of spend compared to previous planning assumption	2,552	2,867	+315
Footways & Footpaths Upgrades	Rephasing of spend compared to previous planning assumption	318	493	+175
Paradykes & Roslin Primary Schools	Revised cashflows through to conclusion of projects	8,776	8,485	-291
Other	Minor variances	404	511	+107
Total		14,117	15,368	+1,251

The rephasing of existing project budgets as outlined above revises the budgeted expenditure for 2017/18 from £30.483 million to £31.734 million for 2017/18 with a subsequent reduction in future years budgets.

Funding

In line with this, the budgeted level of funding available to finance the plan has also been adjusted from £19.351 million to £19.370 million.

Borrowing

Based on the rephased expenditure and funding levels outlined above, the rephased budgeted borrowing required has increased from £11.161 million to £12.364 million with a subsequent reduction in future years budgets.

3.2 Quarter 2 Projected Performance against Budget

Expenditure

Expenditure to 17 September 2017 is £8.622 million with a projected expenditure outturn of £31.756 million. At this stage it is anticipated that budgets for the projects detailed in Appendix 1 will be fully spent in the current year with the following exceptions:-

Table 2: Adjustment to expenditure budget of projects

Item	Description	Projected (Underspend)/ Overspend £000's
Grass Cutting Machinery	Additional net spend of £0.022 million offset through capital receipts from sale of existing machinery (capital receipts paid into the Capital Fund)	+22
Total		+22

It is therefore expected that there will be a net overspend against budget for the year of £0.022 million.

Funding

Funding received to 17 September 2017 is £5.607 million with a projected total funding available to finance the capital plan in 2017/18 of £19.370 million, in line with the rephased budget.

Borrowing

The rephased budgeted level of borrowing for 2017/18 was £12.364 million. Based on the revised expenditure and funding levels as outlined above, the projected estimate of the level of borrowing required to fund the investment identified in Appendix 1 is £12.386 million. The impact of this on the Council's borrowing costs is reflected in the Financial Monitoring 2017/18 – General Fund Revenue report elsewhere on today's agenda.

3.3 Overall Position 2017/18

Based on the above, the projected performance against budget for 2017/18 is shown in the table below:-

Item	2017/18 Budget At Q1 £000's	Rephased 2017/18 Budget At Q2 £000's	Actual To 17/09/17 £000's	2017/18 Projected Outturn £000's	2017/18 Variance £000's	2017/18 Carry Forward £000's
Expenditure	28,448	31,734	8,622	31,756	22	1,251
Funding	17,452	19,370	5,607	19,370	0	19
Borrowing Required	10,996	12,364	3,015	12,386	0	

4. Capital Fund

The capital fund balance at 31 March 2017 was £16.707 million, with a projected balance at 31 March 2018 of £24.514 million. £12.000 million of this is currently earmarked to fund City Deal projects. Further details on year-end adjustments to the Capital Fund are contained in the

'Financial Statements for year ended 31 March 2017' report elsewhere on today's agenda

5. Report Implications

5.1 Resource

The borrowing required to finance the planned investment in 2017/18 is projected to be £12.386 million. The loan charges associated with this borrowing are reported to Council in the *'Financial Monitoring 2017/18 – General Fund Revenue'* report presented elsewhere on today's agenda.

5.2 Risk

The inherent risk in the Capital Plan is that projects will cost more than estimated thus resulting in additional borrowing. The monitoring procedures ensure that significant variations are reported at an early stage so that remedial action can be taken to mitigate this risk.

There is also a risk that the wrong projects are prioritised, however there is an additional risk that the revenue budget cannot afford the level of borrowing currently reflected.

5.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

5.4 Impact on Performance and Outcome

There are no issues arising directly from this report.

5.5 Adopting a Preventative Approach

There are no issues arising directly from this report

5.6 Involving Communities and Other Stakeholders

No external consultation has taken place on this report.

5.7 Ensuring Equalities

There are no equalities issues arising directly from this report.

5.8 Supporting Sustainable Development

There are no sustainability issues arising directly from this report.

5.9 IT Issues

There are no IT implications arising from this report.

6 Recommendations

Council is asked to:

- a) Approve the following projects as outlined in Section 2.2 to be added to the General Services Capital Plan: (a) Legend Leisure Management System and (b) Westerhaugh Bridge; (c) Track to Train and (d) Gorebridge Connected.
- b) Note the General Services Capital Plan Quarter 2 monitoring position for 2017/18;

Date 24 October 2017

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Background Papers:

Appendix 1 – Detailed General Services Capital Plan Expenditure 2017/18

Appendix 1

Detailed General Services Capital Plan Expenditure 2017/18

	Rephased 2017/18	Rephased 2017/18	2017/18	2017/18	2017/18	2017/18
GENERAL SERVICES CAPITAL PLAN	Budget	Budget	Actual	Forecast	Variance	Carry
Q2 MONITORING	Q1	Q2	to P6	Outturn Q2	Q2	Forward Q2
	£000's	£000's	£000's	£000's	£000's	£000's
RESOURCES						
Customer Services						
Front Office - Device & Interactive Asset Upgrades	312	312	26	312	0	0
Back Office - Anti Virus Upgrades	0	0	0	0	0	0
Back Office - Server Replacement	0	0	0	0	0	0
Back Office - UPS Devices	0	0	0	0	0	0
Network Enterprise - Network Connection	0	0	0	0	0	0
Network Enterprise - Network Assets (Power & Data)	182	182	22	182	0	0
IGS - Compliance - Data Encryption	0	0	0	0	0	0
IGS - Compliance - PCI	39	39	0	39	0	0
Disaster Recovery	0	0	0	0	0	0
Service Desk - ITMS Service Improvement	80	80	0	80	0	0
Committee Management System	3	3	0	3	0	0
Paperless Meetings	16	16	0	16	0	0
Business Application Upgrades inc. mobile working	139	139	0	139	0	0
Interactive White Board Replacement	474	474	153	474	0	0
SWAN Programme	517	517	186	517	0	0
New GoreGlen & Bilston Digital Assets	67	67	0	67	0	0
Newcastle Centre for Excellence in Digital Industries	297	297	0	297	0	0
Digital Services Asset Management Plan	0	0	0	0	0	0
Commercial Operations						
Street Lighting Upgrades	761	1,111	94	1,111	0	-350
Street Lighting LED Upgrade (Salix Funded)	0	0	0	0	0	0
Footway & Footpath Network Upgrades	318	493	24	493	0	-175
Road Upgrades	1,306	1,901	362	1,901	0	-595
Millerhill Access Road / Site Services	0	0	0	0	0	0
Zero Waste Capital Contribution	0	0	0	0	0	0
Cycling, Walking & Safer Streets Projects	79	79	202	79	0	0
Footpath Lighting: Bonnyrigg Bypass to Gorton Road	83	83	0	83	0	0
B6482 Newbattle/Easthouses Road Cycleway	54	54	0	54	0	0
A6094: Bonnyrigg Bypass Cycleway & Toucan Crossing / R	49	49	0	49	0	0
Ironmills Park Steps	21	21	7	21	0	0
Emily Bing	0	0	0	0	0	0
New recycling facility - Penicuik	244	244	-4	244	0	0
Food Waste Collection	0	0	0	0	0	0
Vehicle & Plant Replacement Programme	2,552	2,867	2	2,867	0	-315
Electric Vehicles - Powerpoint Installation	58	64	64	64	0	0
Grass Cutting Machinery	78	120	142	142	22	-42
Geogrid - Barleyknowe Lane	43	43	3	43	0	0
Loanhead Memorial Park	0	0	0	0	0	0
20mph Limits	0	0	0	0	0	0
Vogrie Car Parking Barriers	17	17	0	17	0	0
CCTV Upgrades	0	0	0	0	0	0
Webcasting Council, Cabinet & Committee Meetings	0	0	0	0	0	0
Mayfield Park Amenities	0	0	0	0	0	0
King George V Park Outdoor Fitness Equipment	4	4	0	4	0	0
Gore Glen Bing	1	1	1	1	0	0
Easthouses Lily Stand	5	5	-1	5	0	0
Outdoor Play Equipment - Rosewell	32	32	0	32	0	0
Outdoor Play Equipment - Gorebridge	84	84	0	84	0	0
Westerhaugh Bridge	0	30	0	30	0	0
Property & Facilities						
Stobhill Depot Upgrade	568	568	0	568	0	0
New Depot: EWIM Phase III	122	188	110	188	0	-66
Straiton Bing Site Investigation	2	2	0	2	0	0
Property Upgrades inc. Lighting/Lightning	1,723	1,723	166	1,723	0	0
Midlothian House 3rd Floor Reconfiguration	79	122	0	122	0	-43
Purchase of 7 Eskdaill Court, Dalkeith	243	243	242	243	0	0
Purchase of 49 Abbey Road, Dalkeith	215	215	203	215	0	0
Purchase of 31 Jamac Court, Dalkeith	1	1	117	1	0	0
Hillend Freestyle Jump Slope Upgrade	208	208	0	208	0	0
Purchase 9/11 White Hart Street	98	98	13	98	0	0
Primary 1-3 Free School Meals	0	0	0	0	0	0
Leisure Management System (Legend)	0	102	0	102	0	0
Rosewell Hub	0	0	0	0	0	0
TOTAL RESOURCES	11,172	12,896	2,133	12,919	22	-1,586

	Rephased 2017/18 Budget	Rephased 2017/18 Budget	2017/18 Actual to P6	2017/18 Forecast Outturn Q2	2017/18 Variance Q2	2017/18 Carry Forward Q2
EDUCATION, COMMUNITY AND ECONOMY	Q1	Q2				
Early Years	£000's	£000's	£000's	£000's	£000's	£000's
Woodburn Family Learning Centre	0	0	-52	0	0	0
Gorebridge Development Trust (EYG Funded)	115	115	0	115	0	0
Gorebridge Development Trust	91	91	0	91	0	0
Gorebridge Development Trust (EYG Funded)	66	66	0	66	0	0
Early Years Pilot - Mayfield Family Outreach Centre	13	13	0	13	0	0
Further Early Years Provisions inc. 1140 hours	0	0	0	0	0	0
Primary						
New Bilston Primary	239	239	51	239	0	0
New Gorebridge North Primary	236	236	0	236	0	0
Combank Primary Extension	0	0	0	0	0	0
St Andrews Primary Extension	0	0	0	0	0	0
Newtongrange Primary Extension	0	0	0	0	0	0
Paradykes & Roslin Primaries Preparatory Works	0	0	5,926	0	0	0
Paradykes Primary Replacement	7,403	7,215	0	7,215	0	188
Roslin Primary Replacement	1,373	1,270	0	1,270	0	103
Former Hopefield Primary School	300	300	0	300	0	0
Inspiring Learning Spaces	98	98	55	98	0	0
New Danderhall Primary hub	100	100	0	100	0	0
Cuiken & Sacred Heart Primaries - Design Team	130	130	0	130	0	0
Cuiken Primary School Extension	0	0	0	0	0	0
Sacred Heart Primary School Extension	0	0	0	0	0	0
Secondary						
Lasswade High School inc. 2nd MUGA	435	435	47	435	0	0
Newbattle High School Preparatory Works	476	476	76	476	0	0
Newbattle High School - Future Extension	0	0	0	0	0	0
Beeslack Community High School Pitch	17	17	-25	17	0	0
General						
Online Payments for Schools (Parent Pay)	39	39	0	39	0	0
Bright Sparks	0	0	0	0	0	0
PPP1 Land Acquisition	27	27	0	27	0	0
Saltersgate Alterations Phase II	160	124	285	124	0	0
Saltersgate Alterations Phase III - Internal Alterations	100	100	0	100	0	0
Saltersgate Alterations Phase III - Playground Improvements	171	171	0	171	0	0
Modular Units - Various	1,279	1,279	0	1,279	0	0
Children and Families						
Planning & Development						
Environmental Improvements	209	209	12	209	0	0
Borders Rail - Economic Development Projects	125	81	0	81	0	44
Property Asset Management System	0	0	1	0	0	0
East High Street Public Realm & Burns Monument	20	20	1	20	0	0
Shawfair Town Centre Land Purchase	3,650	3,650	0	3,650	0	0
Track to Train	0	234	0	234	0	0
Gorebridge Connected	0	772	0	772	0	0
A701 & A702 Works	0	927	59	927	0	0
TOTAL EDUCATION, COMMUNITY AND ECONOMY	16,873	18,436	6,436	18,436	0	335
HEALTH AND SOCIAL CARE						
Adult & Social Care						
Assistive Technology	100	100	36	100	0	0
Travelling Peoples Site Upgrade	17	17	0	17	0	0
Homecare	80	80	8	80	0	0
Recovery Hub	0	0	0	0	0	0
Customer & Housing Services						
TOTAL HEALTH AND SOCIAL CARE	197	197	44	197	0	0
COUNCIL TRANSFORMATION						
Purchase to Pay	15	15	7	15	0	0
EDRMS	0	0	0	0	0	0
EWiM	0	0	0	0	0	0
EWiM Phase 2	0	0	2	0	0	0
Online Housing Applications	27	27	0	27	0	0
Corporate Telephony Services Upgrade	9	9	0	9	0	0
EWiM - Buccleuch House Ground Floor	33	33	0	33	0	0
Website Upgrade	121	121	1	121	0	0
City Deal	0	0	0	0	0	0
TOTAL COUNCIL TRANSFORMATION	205	205	9,860	205	0	0
GENERAL SERVICES CAPITAL PLAN TOTAL	28,448	31,734	8,622	31,757	22	-1,251