

General Services Capital Plan – 2023/24 Quarter 1 Monitoring

Report by David Gladwin, Acting Chief Financial Officer

Report for Decision

1 Recommendations

It is recommended that the Council:-

1. Note the inclusion of the projects listed in Section 3.1 in the General Services Capital Plan (GSCP);
2. Note/approve the adjustments to the project expenditure budgets in the GSCP as set out in Section 3.2;
3. Approve the inclusion of the project in Section 3.3 in the GSCP;
4. Note the forecast outturn for expenditure, funding and borrowing, as outlined in Section 4.

2. Purpose of Report

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

- An update of the GSCP incorporating information on further additions to the Plan for approval and adjustments to existing project budgets (Section 3);
- Information on the projected performance against budget for 2023/24 (Section 4);
- Update on the Capital Fund (Section 5).

Date 8 August 2023

Report Contact:

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3 Update of General Serviced Capital Plan

3.1 New Projects approved by Council

The plan now incorporates the projects approved by Council on 27 June 2023 in respect of the following:-

- **2-4 West Street, Penicuik:** Restoration of Penicuik Arts Centre and Belgian Consulate building in Penicuik. Capital expenditure budget of £0.207 million phased across 2022/23 and 2023/24, funded by £0.161 million of National Lottery Heritage Fund and Historic Environment Scotland capital grant funding, £0.010 million of Belgian Consulate grant funding, £0.008 million of Penicuik Arts Society funding, and £0.028 million of developer contributions.
- **Penicuik THI/CARS:** Public realm works in Penicuik. Capital expenditure budget of £0.171 million phased across 2023/24 and 2024/25, fully funded by £0.171 million of developer contributions.
- **Play Park Renewal 2023/24:** Replacement of play equipment at play parks across the county. Capital expenditure budget of £0.162 million fully phased in 2023/24, and fully funded by Scottish Government Play Park Renewal Capital Grant funding.
- **Analogue to Digital Transition 2023/24:** Implementation of the Analogue to Digital transition for community alarm and telecare services. Capital expenditure budget of £1.064 million phased across 2023/24 and 2024/25, fully funded by prudential borrowing.

3.2 Adjustments to existing project budgets

The following adjustments to existing project expenditure and income budgets are included in the GSCP:-

Approved by Council 27 June 2023

- **Beeslack Replacement Community High School:** Replacement and extension of existing Beeslack Community High School on a new site, with swimming pool, community facilities and a pavilion. Capital expenditure budget of £115.811 million, replacing the existing £87.895 million "Project Under Development" capital expenditure budget. To be phased across 2023/24 to 2027/28, funded by £23.071 million of developer contributions and £91.814 million of prudential borrowing (partially offset through Scottish Government Learning Estate Investment Programme Phase I revenue grant funding);
- **Penicuik High School Refurbishment/Extension:** Refurbishment, reconfiguration and extension of existing Penicuik High School. Capital expenditure budget of £44.710 million (replacing the existing £38.000 million "Project Under Development" capital expenditure budget), funded by £44.710 million of prudential borrowing (partially offset through Scottish Government Learning Estate Investment Programme Phase II revenue grant funding);
- **Intermediate Care Re-provisioning:** Replacement of existing Highbank Intermediate Care in Eskbank, with new Intermediate Care facility at Polton Street, Bonnyrigg. Increase in capital expenditure budget of £1.720 million, phased across 2023/24 to 2026/27, and fully funded by prudential borrowing.

- **Day Care Centre:** Refurbishment of listed Annex building at Polton Street to provide Day Care Centre provision. Capital expenditure budget of £0.987 million, phased across 2023/24 to 2026/27, and fully funded by prudential borrowing.
- **General Fund Share of Extra Care Housing:** Provision of Extra Care Housing & Community hub facility at Polton Street, Bonnyrigg. Increase in General Fund share of Extra Care housing of £0.215 million phased across 2023/24 to 2026/27, and fully funded by prudential borrowing.

Other (Place DMT 19 June 2023)

- **Vehicle & Plant Replacement Programme:** Increase in capital expenditure budget of £0.060 million in 2023/24, fully funded by capital receipt of £0.060 million from sale of Jetpatcher vehicle. Purchase of a Whitelining Vehicle with an increase in capital expenditure budget of £0.156 million in 2023/24, fully funded on a spend-to-save basis.

3.3 Projects presented for endorsement in the Plan

The following projects are presented for endorsement to be fully adopted within the GSCP:-

- **Play Park Improvements in Dalkeith:** Improvement to the play facility at Clarinda Gardens, and introduction of natural play features at Ironmills Park, in Dalkeith. £0.051 million capital expenditure budget phased fully in 2023/24 and fully funded by already-received developer contributions. Approved by Capital Plan and Asset Management Board on 8 August 2023.

4 2023/24 Projection against budget

4.1 2023/24 Budget

After accounting for the following:-

- Rephasing of budgets from 2022/23 to 2023/24, and new projects added to the plan, both as reported to Council on 27 June 2023;
- Including the new projects & adjustments to project budgets as outlined in Section 3;
- Rephasing of budgets based on the latest information available from project managers as noted in Table 1 below

the capital plan expenditure budget for 2023/24 is £84.449 million.

Table 1: Rephasing of project expenditure budgets

Project	Description of amendment to budget	Previous 2023/24 Budget £000's	Revised 2023/24 Budget £000's	2023/24 Budget Movement £000's
CHILDREN, YOUNG PEOPLE & ESTATES PROGRAMME BOARD				
Woodburn Primary School 9 Class & Activity Hall/Dining Extension	Project has undertaken a value engineering exercise as a result of market volatility issues to bring project back within budget, which has resulted in a rephasing of the project programme with a planned completion date of October 2024	8,667	5,862	-2,805
Easthouses Primary School	Due to an extensive value engineering exercise, there was a programme delay in reaching financial close. This delay resulted in the Advanced Works package being reduced and delayed	17,272	15,699	-1,573
King's Park Primary School Upgrade & Extend	Project paused pending outcome of LEIP Phase III submissions	695	200	-495
St. David's Primary School	Project re-profiled to 2024/25 & later years pending ongoing capital plan prioritisation process	224	0	-224
Mauricewood Primary School Extension & Refurbishment	Detailed assessment of project scope and capacity requirements currently being undertaken	570	200	-370
Rosewell Primary School Extension/Replacement	Project paused pending outcome of LEIP Phase III submissions	500	200	-300
Hopefield Farm 2 Primary School	Revised planning assumption for site & school delivery, with project expenditure reprofiled to 2024/25 & later years	500	0	-500
Newtongrange Primary School Extension & Refurb	Project rephased to 2024/25 & later years, as decant requires Easthouses Primary School to be operational (projected completion August 2024)	500	0	-500
Mayfield & St. Luke's School Campus Replacement	The change to the procurement strategy has had an impact on the delivery programme which was due to originally be delivered in August 2025.	5,495	2,887	-2,608
Early Years Capital Grant Funded Projects	Various works to be rephased across 2023/24 and 2024/25	710	260	-450
ASSET MANAGEMENT PROGRAMME BOARD				
Business Applications	Implementation of Integra upgrade will now be 2024/25	235	63	-172
Digital Services Asset Management Plan	Re-phasing of capital expenditure over future years plus refinement of assumptions for costs of infrastructure upgrades and replacements	2,641	1,857	-785
Property Upgrades	Delay to replacement roof project at Cornbank Primary School due to asbestos ceilings being found. Delay to replacement roof project at Hawthornden Primary School	1,835	615	-1,220

	prior to completion of ASN refurbishment works project, along with reassessment of planned non-essential work in context of wider Asset Management Plan covering 23/24 to 26/27			
TRANSPORT, ENERGY & INFRASTRUCTURE PROGRAMME BOARD				
A701 & A702 Relief Road City Deal	Programme extended due to requirement for further modelling work and redesign of elements of route.	1,651	995	-656
REGENERATION & DEVELOPMENT PROGRAMME BOARD				
Destination Hillend	Awaiting clarity from contractor on proposed solution and programme for road junction, which is on the critical path for the wider project programme; Project Team taking mitigating action to offset any delays to the programme where feasible to do so	14,706	10,731	-3,975
OTHER				
Others	Minor variances	57	56	-1
Total		56,257	39,809	-16,448

In line with this, the expected level of funding available to finance the plan has also been rephased and totals £37.940 million.

This results in an in-year borrowing requirement of £46.509 million.

The projected performance against budget for 2023/24 is shown in table 2 below:-

Table 2: GSCP Projected Performance against Budget 2023/24 – as at Quarter 1

Item	2023/24 Initial Budget* ¹ £000's	2023/24 Rephased Budget £000's	Actual To 25.06.23 £000's	2023/24 Projected Outturn £000's	2023/24 Variance £000's	2023/24 Carry Forward £000's
Expenditure	100,897	84,449	2,191	84,302	-147	-16,448
Funding	41,646	37,940	1,976	37,940	0	-3,706
Borrowing Required	59,251	46,509	215	46,362	-147	

¹ With new projects added

4.2 Expenditure

Expenditure to 25 June 2023 is £2.191 million with a projected expenditure outturn of £84.302 million, £0.147 million less than the rephased budget.

At this stage it is anticipated that budgets for the projects detailed in Appendix 2 will be fully spent in the current year, other than:-

- **Contaminated Land:** Underspend of £0.147 million against original £0.217 million expenditure budget. Expenditure is demand led and has remained lower throughout and post Covid. General Capital Grant of £0.147 million earmarked to fund this expenditure is now available to fund wider capital plan expenditure.

4.3 Funding

The funding available to finance the Capital Plan in 2023/24 is expected to total £37.940 million, in line with the rephased budget. Funding of £1.976 million has been received to 25 June 2023.

4.4 Borrowing

The budgeted level of borrowing for 2023/24 is £46.509 million. Based on the forecast expenditure and funding levels as noted above, the revised estimate of the level of borrowing required for 2023/24 is forecast to be £46.362 million, £0.147 million less than budgeted and reflecting the variance as noted in Section 4.2 above. The impact on the Council's borrowing costs is reflected in the Financial Monitoring 2023/24 General Fund Revenue report elsewhere on today's agenda.

5 Capital Fund

The Capital Fund at the start of the 2023/24 financial year was £20.107 million. £7.694 million of this is committed to fund the City Deal, with a further £9.061 million committed to support capital investment including the utilisation of £2.000 million in 2023/24.

The forecast non-committed capital fund balance at 31 March 2024 is £3.494 million, as shown in the table below.

Item	Amount £000's
Balance at 01 April 2023	20,107
Forecast Capital Receipts 2023/24	615
Committed to fund City Deal Project	-7,694
Committed to support Capital Investment	-9,061
Developer Contributions earmarked for specific purposes	-473
Non-committed balance at 31 March 2024	3,494

6. Report Implications

6.1 Resource

The borrowing required to finance the planned investment in 2023/24 is reflected in the Financial Monitoring 2023/24 – General Fund Revenue report elsewhere on today's agenda.

6.2 Digital

There are no Digital Services implications arising from this report.

6.3 Risk

The construction materials supply chain has already been subject to unprecedented disruption through a combination of the Coronavirus (COVID-19) Pandemic, the UK leaving the European Union, the conflict in Ukraine and the global inflationary picture. The Construction Leadership Council (CLC) continues to report shortages of construction materials and forecasts this disruption to continue for the foreseeable future. Ongoing engagement with suppliers confirms that materials shortages, longer lead times and steep price increases are highly likely to continue to impact the supply chain.

This potentially exacerbates the inherent risk in the Capital Plan that projects will cost more than estimated thus resulting in additional borrowing, or will be subject to significant delay.

Strengthened financial monitoring & governance procedures have been approved by CP&AMB, which will ensure that significant variations can be captured and reported to Programme Boards and CP&AMB so that remedial action can be taken to mitigate the risks.

In developing the strategy and taking cognisance of the longer term affordability gap, it is clear that a number of potential projects will only be able to be progressed if they can be delivered on a spend to save basis (i.e. where income or cost savings more than offset the cost of funding the investment), a cost neutral basis or through alternative funding mechanisms.

The Capital Plan includes a provision for the return of contingencies of £10.721 million over the period 2023/24 to 2026/27, equating to 2.5% of all project expenditure. The risk is that projects throughout the plan are unable to deliver this which could be in part due to factors outwith the Council's control. Capital Plan & Asset Management Board will review the level of return of contingencies against the £10.721 million provision on an ongoing basis to ensure that projects can, where possible, deliver against this provision and that the provision continues to be appropriate.

6.4 Ensuring Equalities

There are no equalities issues arising directly from this report.

6.5 Additional Report Implications

See Appendix A.

Appendix A: Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Not applicable.

A.2 Key Drivers for Change

A.3 Key Delivery Streams

Themes addressed in this report:

- One Council Working with you, for you
- Preventative and Sustainable
- Efficient and Modern
- Innovative and Ambitious
- None of the above

A.4 Delivering Best Value

The report does not directly impact on Delivering Best Value.

A.5 Involving Communities and Other Stakeholders

No external consultation has taken place on this report.

A.6 Impact on Performance and Outcome

There are no issues arising directly from this report.

A.7 Adopting a Preventative Approach

Not applicable.

A.8 Supporting Sustainable Development

Not applicable.

Background Papers:

Appendix 1 –GSCP 2023/24 – Quarter 1 Monitoring

Appendix 1: GSCP 2023/24 – Quarter 1 Monitoring

Budget is approved in principle - requires approval of OBC before budget is fully approved						
Budget is a "Project Under Development" - requires approval of SOBC before budget is fully approved						
	2023/24	Rephased 2023/24	2023/24	2023/24	2023/24	2023/24
GENERAL SERVICES CAPITAL PLAN	Budget	Budget	Actual	Forecast	Variance	Carry
Q1 Monitoring	£'000	£000's	to P3 £000's	Outturn Q1 £000's	Q1 £000's	Forward Q1 £000's
CHILDREN, YOUNG PEOPLE & ESTATES PROGRAMME BOARD						
Education - Primary						
Woodburn Primary 9 class & activity hall extension	8,667	5,862	289	5,862	-	2,805
Easthouses Primary School	17,272	15,699	166	15,699	-	1,573
Kings Park PS upgrade to existing building	695	200	-	200	-	495
St Davids Primary - 4 class & EY extension	224	-	-	-	-	224
Mauricewood Refurbishment	570	200	-	200	-	370
Rosewell Primary School - extend to 2 stream	500	200	-	200	-	300
Hopefield Farm Primary 2 (HS12)	500	-	-	-	-	500
Newtongrange refurb & expansion to 2 stream	500	-	-	-	-	500
Mayfield & St. Luke's School Campus	5,495	2,887	0	2,887	-	2,608
Burnbrae Primary - Conversion of ASN to GP Space	71	71	-	71	-	-
Modular Units 2023/24	2,483	2,483	47	2,483	-	-
Education - Primary - Projects near completion						
Paradykes Primary Replacement	95	95	21	95	-	-
St. Mary's RC & Early Burnbrae Primary Schools	22	22	9	22	-	-
New Danderhall Primary hub	88	88	(53)	88	-	-
Sacred Heart Primary School Extension	30	30	22	30	-	-
Acoustic Upgrades	150	150	9	150	-	-
Education - Secondary						
Lasswade High - Toilets & Changing to 1,600 pupil capacity	452	452	-	452	-	-
Beeslack CHS Replacement	7,771	7,771	204	7,771	-	-
Penicuik High School	1,272	1,272	12	1,272	-	-
Shawfair All-through Campus	1,921	1,921	-	1,921	-	-
Education - ASN						
Hawthornden Primary - ASN Unit	1,501	1,501	217	1,501	-	-
ASN Provision - Social Complex Needs	250	250	-	250	-	-
Education - Early Years						
King's Park Primary School	6	6	-	6	-	-
Settings/Catering Kitchens	500	150	-	150	-	350
Hawthorn Children & Families Centre Alteration	120	120	-	120	-	-
Mauricewood Primary School	210	110	-	110	-	100
Vogrie Outdoor Early Learning Centre	81	81	-	81	-	-
Other Outdoor Spaces	154	154	8	154	-	-
Education _ General						
Learning Estate Strategy: Development Budget	1,602	1,602	12	1,602	-	-
Burnbrae Primary School External Works	57	56	-	56	-	1
TOTAL - CHILDREN, YOUNG PEOPLE & ESTATES PROGRAMM	53,260	43,435	962	43,435	-	9,825

Budget is approved in principle - requires approval of OBC before budget is fully approved						
	2023/24	Rephased				
	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
GENERAL SERVICES CAPITAL PLAN	Budget	Budget	Actual	Forecast	Variance	Carry
Q1 Monitoring		Q1	to P3	Outturn Q1	Q1	Forward Q1
	£'000	£000's	£000's	£000's	£000's	£000's
ASSET MANAGEMENT PROGRAMME BOARD						
Digital						
Business Applications	235	63	15	63	-	172
Front Office - Hardware, Software & Services	678	399	39	399	-	279
Back Office - Hardware, Software & Services	870	534	-	534	-	337
Network, Software & Services	821	652	-	652	-	169
Schools - Hardware, Software & Services	272	457	6	457	-	(185)
Digital: Equipped for Learning	2,520	2,520	-	2,520	-	-
Roads & Street Lighting						
Street Lighting and Traffic Signal Upgrades - New	1,276	1,276	199	1,276	-	-
Footway & Footpath Asset Management Plan - New	460	460	-	460	-	-
Road Upgrades - Asset Management Plan	1,483	1,483	161	1,483	-	-
Accelerated Roads Residential Streets	1,836	1,836	(5)	1,836	-	-
Roads: Potholes Upgrades	2,500	2,500	-	2,500	-	-
Roads Asset Management Plan - Temple Ground Stabilisation	309	309	-	309	-	-
Roads Asset Management Plan - B6372 Arniston Embankment Sta	593	593	-	593	-	-
Fleet						
Vehicle & Plant Replacement Programme	1,871	1,871	336	1,871	-	-
Property						
Property Upgrades	1,835	615	21	615	-	1,220
Open Spaces / Play Areas						
Ironmills Park Steps	7	7	-	7	-	-
Outdoor Play Equipment - Rosewell	46	46	-	46	-	-
Outdoor Play Equipment - Gorebridge	1	1	-	1	-	-
Roslin Wheeled Sports Facility	59	59	-	59	-	-
Mauricewood Road Bus Shelter	4	4	-	4	-	-
Millerhill Park Circular Path & Bicycle Pump Track	89	89	-	89	-	-
Welfare Park, Newtongrange	39	39	-	39	-	-
Pump Track, North Middleton	2	2	(1)	2	-	-
Play Park Upgrades: Clarinda Gardens & Ironmills Park	51	51	-	51	-	-
Play Park Renewal 2021/22	9	9	5	9	-	-
Play Park Renewal 2023/24+	162	162	1	162	-	-
Nature Restoration Fund 2022/23	3	3	-	3	-	-
Contaminated Land	217	217	5	70	(147)	-
Sport & Leisure Equipment						
Property - Poltonhall Astro & Training Area Resurfacing	37	37	-	37	-	-
Dalkeith Thistle - Pavilion Upgrade	6	6	-	6	-	-
Loanhead Memorial Park Pitch	4	4	-	4	-	-
Flotterstone Car Park Infrastructure & Charging	16	16	-	16	-	-
TOTAL - ASSET MANAGEMENT PROGRAMME BOARD	18,313	16,321	783	16,174	(147)	1,992
TRANSPORT, ENERGY & INFRASTRUCTURE PROGRAMME BOARD						
Transport						
A701 & A702 Relief Road City Deal Project	1,651	995	56	995	-	656
A7 Urbanisation	187	187	-	187	-	-
Cycling, Walking & Safer Streets Projects	1,190	1,190	33	1,190	-	-
FCC Zero Waste - Heat Offtake Facility	1,040	1,040	-	1,040	-	-
TOTAL - TRANSPORT, ENERGY & INFRASTRUCTURE PROGR/	4,068	3,412	90	3,412	-	656
			0			
REGENERATION & DEVELOPMENT PROGRAMME BOARD						
Regeneration						
Place Based Investment Fund 2021/22	311	311	19	311	-	-
Place Based Investment Fund 2022/23+	461	461	2	461	-	-
Development						
Destination Hillend	14,706	10,731	209	10,731	-	3,975
Shawfair Town Centre Land Purchase	5,615	5,615	-	5,615	-	-
TOTAL - REGENERATION & DEVELOPMENT PROGRAMME BO	21,093	17,118	230	17,118	-	3,975

<i>Budget is approved in principle - requires approval of OBC before budget is fully approved</i>						
	2023/24	Rephased 2023/24	2023/24	2023/24	2023/24	2023/24
GENERAL SERVICES CAPITAL PLAN	Budget	Budget	Actual	Forecast	Variance	Carry
Q1 Monitoring		Q1	to P3	Outturn Q1	Q1	Forward Q1
	£'000	£000's	£000's	£000's	£000's	£000's
OTHER (PROGRAMME BOARD NOT YET DEFINED)						
PLACE						
Digital						
Civica Automation	47	47	-	47	-	-
Council Hybrid Meetings	52	52	-	52	-	-
Transport						
Food Waste Rural Routes	119	119	(13)	119	-	-
Property/Development						
Midlothian & Fairfield House Shower Upgrades	5	5	-	5	-	-
32-38 Buccleuch Street Ground Floor Redevelopment	0	0	0	0	-	-
Public Sector Housing Grants	291	291	48	291	-	-
Penicuik THl	171	171	-	171	-	-
CCTV Network	444	444	-	444	-	-
2-4 West Street, Penicuik	48	48	18	48	-	-
Purchase to Pay	2	2	-	2	-	-
EWIM - Buccleuch House Ground Floor	33	33	-	33	-	-
Millerhill Pavilion	23	23	-	23	-	-
PEOPLE & PARTNERSHIPS						
Education						
Free School Meal Provision	397	397	-	397	-	-
Children's Services						
Residential House for 5-12 year olds	76	76	-	76	-	-
Communities & Partnerships						
Members Environmental Improvements	221	221	34	221	-	-
Adult Social Care						
Assistive Technology	209	209	4	209	-	-
Analogue to Digital Transition	800	800	-	800	-	-
Homecare	55	55	-	55	-	-
Highbank Intermediate Care Reprovisioning	1,246	1,246	8	1,246	-	-
Day Care Centre	113	113	-	113	-	-
General Fund Share of Extra Care Housing	316	316	27	316	-	-
TOTAL NOT ALLOCATED TO PROGRAMME BOARDS	4,669	4,669	126	4,669	-	-
SUBTOTAL - PRE RETURN OF CONTINGENCIES						
	101,403	84,955	2,191	84,808	(147)	16,448
Provision for Return of Contingencies						
	(506)	(506)	-	(506)	-	-
GENERAL SERVICES CAPITAL PLAN TOTAL						
	100,897	84,449	2,191	84,302	(147)	16,448