

**General Services Capital Plan
2024/25 Quarter 2 Monitoring****Report by David Gladwin, Chief Financial Officer & Section 95 Officer****Report for Decision****1 Recommendations**

It is recommended that the Council:-

1. Approve the inclusion of the project in Section 3.1 in the GSCP;
2. Note the forecast outturn for expenditure (after reflecting rephased project budgets), 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 a further addition to the Plan for approval (Section 3);
- Information on the projected performance against budget for 2024/25 (Section 4);
- Update on the Capital Fund (Section 5).

Date 28 October 2024**Report Contact:****Gary Thomson, Senior Finance Business Partner****gary.thomson@midlothian.gov.uk**

3 Update of GSCP

3.1 Projects presented for endorsement in the Plan

The following project is presented for endorsement to be fully adopted within the GSCP:-

- **The Steading, Rosewell Development Trust:** £0.065 million of infrastructure upgrades, equipment and landscaping for the Rosewell Development Trust's Steading Building, with capital expenditure budget to be phased across 2024/25 and 2025/26 and fully funded by £0.065 million of developer contribution receipts. Approved by Capital Plan & Asset Management Board on 24 October 2024.

4 2024/25 Projection against budget

4.1 2024/25 Budget

After accounting for the following:-

- Rephasing of budgets from 2023/24 to 2024/25 as reported to Council at Quarter 1 on 27 August 2024;
- Including the new project as outlined in Section 3;

The capital plan expenditure budget for 2024/25 is £77.463 million, funding budget is £26.737 million and in-year borrowing of £50.726 million.

4.2 Rephasing

Project expenditure budgets have been rephased based on the latest information available from Project managers and Service Leads as noted in Table 1 overleaf.

Table 1: Rephasing of project expenditure budgets

Project	Description of rephasing of budget	Previous 2024/25 Budget £000's	Revised 2024/25 Budget £000's	2024/25 Budget Rephasing £000's
CHILDREN, YOUNG PEOPLE & ESTATES PROGRAMME BOARD				
Easthouses Primary School	Project complete other than retention which will be due in 2025/26	5,446	6,033	+587
Mayfield & St. Luke's Primary School Campus	Commercial discussion with contractor ongoing to bring overall cost of project back within approved budget, with subsequent delay to project programme whilst this exercise is concluded	10,268	1,080	-9,188
Beeslack CHS Replacement	Delay to appointing contractor	11,743	7,420	-4,323
Learning Estate Strategy Development Budget & LES Projects Approved in Principle	Project development expenditure re-profiled to reflect emerging status of projects	400	200	-200
ASSET MANAGEMENT PROGRAMME BOARD				
Temple Ground Stabilisation	Reprioritisation of work and internal resources to the continuation of the Residential Streets Upgrade programme.	309	0	-309
B6372 Arniston Bank Stabilisation	Detailed design schemes will be prepared in due course for these essential work to ensure the long term integrity of these sections of the public road network	593	0	-593
Fleet Replacement Programme	Delivery of 6 welfare transport buses deferred to 2025/26	4,062	3,369	-693
TRANSPORT, ENERGY & INFRASTRUCTURE PROGRAMME BOARD				
A701 Relief Road	Realignment of project expenditure cashflows, with acceleration of expenditure fully funded by City Deal Government Grant funding	98	846	+748
OTHER				
Others	Rephasing of other projects	7,555	7,479	-76
Total		40,474	26,427	-14,047

This results in a rephased capital expenditure budget for 2024/25 of £63.417 million as shown in detail in Appendix 1.

In line with this, the expected level of funding available to finance the plan has also been rephased and now totals £24.993 million.

This results in an in-year borrowing requirement of £38.423 million.

The projected performance against budget for 2024/25 is shown in table 2 below:-

Table 2: General Services Capital Plan Projected Performance against Budget 2024/25 – as at Quarter 2

Item	2024/25 Q1 Budget £000's	2024/25 Rephased Budget £000's	Actual To 15.09.23 £000's	2024/25 Projected Outturn £000's	2024/25 Variance £000's	2024/25 Carry Forward
Expenditure	77,463	63,417	22,485	63,417	0	-14,047
Funding	26,737	24,993	11,597	24,993	0	-1,744
Borrowing Required	50,726	38,423	10,888	38,423	0	-12,303

4.3 Expenditure

Expenditure to 15 September 2024 is £22.485 million and at this point project managers and service leads are indicating a forecast expenditure outturn of £63.417 million, in line with the rephased budget.

Expenditure incurred to 15 September 2024 across all projects in the General Services Capital Plan (£22.485m) equates to 35% of the projected total expenditure budget for 2024/25. This means that the remaining £40.932m (or 65%) of expenditure is projected to be incurred by the end of the financial year, with only 54% of the financial year remaining.

The expenditure forecasts are based on the latest assessment of project expenditure by service leads and project managers. The risk in these forecasts is that expenditure is materially less than forecast, with overly optimistic forecasts from service leads and project managers resulting in underspends within the current financial year and/or rephasing from 2024/25 into 2025/26.

Given the substantive expenditure currently estimated to be committed in the second half of the year combined with material supply and inflationary pressures, all Project Managers and Service Leads are carrying out a full review of project plans and expenditure profiles and the outcome of this will be reflected in the Q3 GSCP report to Council in February 2025.

4.4 Funding

The funding available to finance the Capital Plan in 2024/25 is expected to total £24.993 million.

Funding of £11.597 million has been received to 15 September 2024.

4.5 Borrowing

Based on the forecast expenditure and funding levels as noted above, the revised estimate of the level of borrowing required for 2024/25 is forecast to be £38.423 million. The impact on the Council's borrowing costs is reflected in the Financial Monitoring 2024/25 General Fund Revenue report elsewhere on today's agenda.

5 Capital Fund

The Capital Fund at the start of the 2024/25 financial year was £17.242 million. £7.694 million of this is committed to fund the City Deal, with a further £7.061 million committed to support capital investment.

The forecast non-committed capital fund balance at 31 March 2025 is £2.778 million, as shown in the table below.

Item	Amount £000's
Balance at 01 April 2024	17,242
Forecast Capital Receipts 2024/25	895
Forecast Balance at 31 March 2025	18,137
Committed to fund City Deal Project	-7,694
Committed to support Capital Investment	-7,061
Developer Contributions earmarked for specific purposes	-604
Forecast non-committed balance at 31 March 2025	2,778

6. Report Implications

6.1 Resource

The borrowing required to finance the planned investment in 2024/25 is currently £38.423 million and the loan charges associated with this is reflected in the Financial Monitoring 2024/25 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 which are currently included 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) or where they can be delivered on a cost neutral basis or through alternative funding mechanisms.

The Capital Plan includes a provision for the return of contingencies of £13.081 million over the period 2024/25 to 2027/28, equating to 2.5% of all project expenditure. The Capital Plan includes a provision for the return of contingencies of £2.539 million in 2024/25, equating to 2.5% of 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 monitor the level of return of contingencies against the £2.539 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 –General Services Capital Plan 2024/25 Quarter 2 Monitoring

Appendix 1: General Services Capital Plan 2024/25 Quarter 2 Monitoring

<i>Budget is approved in principle - requires approval of OBC before budget is fully approved</i>						
<i>Budget is a "Project Under Development" - requires approval of SOBC before budget is fully approved</i>						
	Rephased 2024/25	Rephased 2024/25	2024/25 Actual	2024/25 Forecast	2024/25 Variance	2024/25 Carry
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
CHILDREN, YOUNG PEOPLE & ESTATES PROGRAMME BOARD						
FULLY APPROVED PROJECTS						
Education - Primary						
Woodburn Primary 9 class & activity hall extension	7,372	7,359	4,135	7,359	-	13
Easthouses Primary School	5,446	6,033	5,953	6,033	-	(587)
Mayfield & St. Luke's School Campus	10,268	1,080	365	1,080	-	9,188
Burnbrae Primary - Conversion of ASN to GP Space	55	55	14	55	-	-
Modular Units 2023/24	344	344	124	344	-	-
Education - Secondary						
Lasswade High - Enhance Facilities to Support School Capacity	452	452		452	-	-
Beeslack CHS Replacement	11,743	7,420	787	7,420	-	4,323
Penicuik High School	2,058	2,058	447	2,058	-	-
Education - ASN						
Hawthornden Primary - ASN Unit	24	24	13	24	-	-
Education - Early Years						
King's Park Primary School	6	6	-	6	-	-
Settings/Catering Kitchens	382	382	0	382	-	-
Mauricewood Primary School	125	125	-	125	-	-
Vogrie Outdoor Early Learning Centre	81	81	1	81	-	-
Education - Primary - Projects near completion						
Paradykes Primary Replacement	69	69	3	69	-	-
New Danderhall Primary hub	61	61	(57)	61	-	-
Acoustic Upgrades	95	95	4	95	-	-
Education - General						
Learning Estate Strategy: Development Budget	400	200	-	200	-	200
Burnbrae Primary School External Works	1	1	1	1	-	-
TOTAL - CYPE PROGRAMME BOARD	38,981	25,844	11,791	25,844	-	13,137
	Rephased 2024/25	Rephased 2024/25	2024/25 Actual	2024/25 Forecast	2024/25 Variance	2024/25 Carry
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
PROJECTS APPROVED IN PRINCIPLE						
Education - Primary						
Bilston Primary School Extension	404	404	74	404	-	-
Mauricewood Refurbishment	404	404	75	404	-	-
Hopefield Farm Primary 2 (HS12)	500	500	-	500	-	-
St Davids Primary - 4 class & EY extension	784	784	-	784	-	-
Education - ASN						
ASN Provision - Social Complex Needs	250	250	-	250	-	-
TOTAL - CYPE APPROVED IN PRINCIPLE	2,341	2,341	150	2,341	-	-
	Rephased 2024/25	Rephased 2024/25	2024/25 Actual	2024/25 Forecast	2024/25 Variance	2024/25 Carry
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
PROJECTS UNDER DEVELOPMENT						
Education - Primary						
Bonnyrigg Catchment Primary Schools Expansion	-	-	1	-	-	-
Education - Secondary						
Shawfair All-through Campus	1,652	1,652	-	1,652	-	-
Gorebridge High School	-	-	-	-	-	-
TOTAL - CYPE PROJECT UNDER DEVELOPMENT	1,652	1,652	1	1,652	-	-
CYPE - OVERALL TOTAL	42,974	29,837	11,942	29,837	-	13,137

	Rephased	Rephased				
	2024/25	2024/25	2024/25	2024/25	2024/25	2024/25
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
ASSET MANAGEMENT PROGRAMME BOARD						
Digital						
Business Applications	282	282	49	282	-	-
DS Corporate Solutions	-	-	9	-	-	-
Front Office - Hardware, Software & Services	139	139	70	139	-	-
Back Office - Hardware, Software & Services	130	130	-	130	-	-
Network, Software & Services	520	520	-	520	-	-
Schools - Hardware, Software & Services	508	508	215	508	-	-
Recharge of Staffing	110	110	-	110	-	-
Digital: Equipped for Learning	2,120	2,120	1,037	2,120	-	-
Roads & Street Lighting						
Street Lighting and Traffic Signal Upgrades - New	1,015	1,015	137	1,015	-	-
Footway & Footpath Asset Management Plan - New	542	542	-	542	-	-
Road Upgrades - Asset Management Plan	1,598	1,598	658	1,598	-	-
Accelerated Roads Residential Streets	76	76	76	76	-	-
Roads: Potholes & Upgrades / Residential Streets	4,687	4,687	780	4,687	-	-
Roads AMP - Temple Ground Stabilisation	309	-	-	-	-	309
Roads AMP - B6372 Arniston Embankment Stabilisation	593	-	-	-	-	593
Fleet						
Vehicle & Plant Replacement Programme	4,062	3,369	303	3,369	-	693
Property						
Property Upgrades	1,034	1,034	130	1,034	-	0
Property Upgrades - LES	843	843	-	843	-	-
Open Spaces / Play Areas						
Outdoor Play Equipment - Rosewell	44	-	-	-	-	44
Roslin Wheeled Sports Facility	59	59	-	59	-	-
Mauricewood Road Bus Shelter	4	4	-	4	-	-
Millerhill Park Asphalt Path	100	73	62	73	-	26
Birkenside Play Equipment	72	72	-	72	-	-
Welfare Park, Newtongrange	39	-	-	-	-	39
Play Park Upgrades: Clarinda Gardens & Ironmills Park	51	51	-	51	-	-
Play Park Renewal 2023/24+	123	123	-	123	-	-
Nature Restoration Fund 2023/24	22	22	-	22	-	-
Contaminated Land	70	70	23	70	-	-
Sport & Lesiure						
Loanhead Memorial Park Pitch	66	66	66	66	-	-
Flotterstone Car Park Infrastructure & Charging	16	16	-	16	-	-
TOTAL - AM PROGRAMME BOARD	19,235	17,531	3,614	17,531	-	1,705
TRANSPORT, ENERGY & INFRASTRUCTURE PROGRAMME BOARD						
Transport						
A701 Relief Road: Bush Loan Junction	61	810	113	810	-	(749)
A701 Relief Road: A701 Active Travel Corridor	36	36	36	36	-	-
A7 Urbanisation	187	187	-	187	-	-
Active Travel Infrastructure	655	655	59	655	-	-
Community Bus Fund	4	4	-	4	-	-
Road Safety Improvement Fund	169	169	(149)	169	-	-
FCC Zero Waste - Heat Offtake Facility	1,040	1,040	-	1,040	-	-
TOTAL - TE&I PROGRAMME BOARD	2,153	2,901	59	2,901	-	(749)

	Rephased 2024/25 Budget Q1 £000's	Rephased 2024/25 Budget Q2 £000's	2024/25 Actual to P6 £000's	2024/25 Forecast Outturn Q2 £000's	2024/25 Variance Q2 £000's	2024/25 Carry Forward Q2 £000's
GENERAL SERVICES CAPITAL PLAN						
Q2 Monitoring						
REGENERATION & DEVELOPMENT PROGRAMME BOARD						
Regeneration						
Place Based Investment Fund 2021/22	298	298	15	298	-	-
Place Based Investment Fund 2022/23	182	182	87	182	-	-
Place Based Investment Fund 2023/24	149	149	31	149	-	-
Rosewell Development Trust - The Steading	10	10	-	10	-	-
Development						
Destination Hillend	4,975	4,975	3,034	4,975	-	-
Shawfair Town Centre Land Purchase	2,122	2,122	2,122	2,122	-	-
Recycling Improvement Fund	-	47	-	47	-	47
TOTAL - R&D PROGRAMME BOARD	7,736	7,783	5,290	7,783	-	47
OTHER (PROGRAMME BOARD NOT YET DEFINED)						
PLACE						
Digital						
Council Hybrid Meetings	22	22	-	22	-	-
Property/Development						
Midlothian & Fairfield House Shower Upgrades	5	5	-	5	-	-
32-38 Buccleuch Street Ground Floor Redevelopment	1	1	46	1	-	-
Public Sector Housing Grants	291	291	62	291	-	-
Gorebridge Connected	-	-	-	-	-	-
Penicuik THI: Public Realm Scheme	171	171	-	171	-	-
CCTV Network	146	146	-	146	-	-
2-4 West Street, Penicuik	20	20	1	20	-	-
EWiM - Buccleuch House Ground Floor	33	33	-	33	-	-
Millerhill Pavilion	7	7	-	7	-	-
PEOPLE & PARTNERSHIPS						
Education						
Free School Meal Provision	210	210	-	210	-	-
Communities & Partnerships						
Members Environmental Improvements	251	251	52	251	-	-
Adult Social Care						
Assistive Technology	102	102	12	102	-	-
Analogue to Digital Transition	851	851	228	851	-	-
Highbank Intermediate Care Reprovisioning	5,082	5,082	1,036	5,082	-	-
Day Care Centre	464	464	95	464	-	-
General Fund Share of Extra Care Housing	248	248	54	248	-	-
TOTAL - OTHER	7,904	7,904	1,587	7,904	-	-
SUBTOTAL - PRE RETURN OF CONTINGENCIES	80,003	65,957	22,492	65,957	-	14,094
Provision for Return of Contingencies	(2,539)	(2,539)	(7)	(2,539)	-	-
GENERAL SERVICES CAPITAL PLAN TOTAL	77,463	63,417	22,485	63,417	-	14,094