



General Services Capital Plan – 2024/25 Quarter 1 Monitoring

Report by David Gladwin, Chief Financial Officer & Section 95 Officer

Report for Decision

1 Recommendations

It is recommended that the Council:

1. Note/approve the adjustments to the project expenditure budgets in the GSCP as set out in Section 3.1;
2. Approve the inclusion of the project in Section 3.2 in the GSCP;
3. 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 2024/25 (Section 4);
- Update on the Capital Fund (Section 5).

Date 7 August 2024

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3 Update of GSCP

3.1 Adjustments to existing project budgets

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

- Loanhead Memorial Park Pitch: Capital expenditure budget increased from £0.004 million to £0.066 million to install vertical drainage using ECO90 technology in support of the Council's pitch needs assessment. Capital expenditure budget to be fully phased in 2024/25 and fully funded by already-collected community facility developer contributions. Approved by Capital Plan & Asset Management Board on 8 August 2024.

3.2 Projects presented for endorsement in the Plan

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

- Active Travel Tier 1 Infrastructure Fund 2024/25: £0.655 million of new active travel infrastructure across the county, full phased in 2024/25 and fully funded in full by £0.655 million of Scottish Government Active Travel Infrastructure fund, replacing the previous Cycling, Walking & Safer Routes (CWSR) fund.
- Road Safety Improvement Fund 2024/25: £0.169 million of new infrastructure to reduce accident potential within Midlothian, capital expenditure budget to be fully phased in 2024/25 and fully funded by £0.169 million of Scottish Government Road Safety Improvement Fund grant. Approved by Capital Plan & Asset Management Board on 8 August 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, and new projects added to the plan, both as reported to Council on 25 June 2024;
- 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 2024/25 is £80.665 million.

Table 1: Rephasing of project expenditure budgets

Project	Description of amendment to budget	Previous 2024/25 Budget £000's	Revised 2024/25 Budget £000's	2024/25 Budget Movement £000's
CHILDREN, YOUNG PEOPLE & ESTATES PROGRAMME BOARD				
Beeslack Community High School Replacement	Some programme slippage associated with procurement process, with project team aiming to recover during remainder of project programme	12,824	11,743	-1,081
Penicuik High School	No requirement for enabling works in 2024/25 linked to modular units	2,329	2,058	-271
Learning Estate Strategy: Development Budget	Realignment of budget across current life of capital plan	1,602	400	-1,202
ASSET MANAGEMENT PROGRAMME BOARD				
TRANSPORT, ENERGY & INFRASTRUCTURE PROGRAMME BOARD				
REGENERATION & DEVELOPMENT PROGRAMME BOARD				
Destination Hillend	Re-design of building taking place with deferral of any associated expenditure until later years of GSCP	12,707	4,975	-7,732
OTHER				
Others	Minor variances	7,521	7,543	+22
Total		36,983	26,719	-10,264

In line with this, the expected level of funding available to finance the plan has also been rephased and totals £30.188 million.

This results in an in-year budgeted borrowing requirement of £50.477 million.

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

Table 2: GSCP Projected Performance against Budget 2024/25 – as at Quarter 1

Item	2024/25 Initial Budget* ¹ £000's	2024/25 Rephased Budget £000's	Actual To 23.06.24 £000's	2024/25 Projected Outturn £000's	2024/25 Variance £000's	2024/25 Carry Forward £000's
Expenditure	90,929	80,665	10,047	77,208	-3,457	-10,264
Funding	32,375	30,188	4,944	26,737	-3,451	-2,187
Borrowing Required	58,554	50,477	5,103	50,471	-6	

¹ With new projects added

4.2 Expenditure

Expenditure to 23 June 2024 is £10.047 million with a projected expenditure outturn of £77.208 million, £3.457 million less than the rephased budget.

At this stage it is anticipated that all budgets for the projects detailed in Appendix 1 will be fully spent in the current year, other than:-

- Burnbrae Primary School External Works: Minor underspend of £0.001 million against project expenditure budget
- 2-4 West Street, Penicuik: Minor underspend of £0.006m with reduction in application of developer contributions
- Shawfair Town Centre Land Purchase: Part of the land acquisition (£3.451 million) was funded directly by a payment from SLLP to Network Rail. Subsequent underspend of £3.451 million in both capital expenditure and funding budgets which offset each other.

The expenditure to Quarter 1 (£10.047 million) equates to 13% of the forecast outturn expenditure (£77.208 million). This means that the remaining £67.161 million, or 87% of expenditure, is projected to be incurred by the end of the financial year, with only 77% 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 back to 2025/26.

The actual outturn position will be presented as part of the General Services Capital Plan – Outturn 2024/25 report to Council in June 2025, with prior reporting, challenge and assessment at Capital Plan & Asset Management Board.

4.3 Funding

The funding available to finance the Capital Plan in 2024/25 is expected to total £26.737 million, £3.451 million less than the rephased budget, accounting for the direct receipt of grant from SLLP to Network Rail for the Shawfair Town Centre Land Purchase. Funding of £4.944 million has been received to 23 June 2024.

4.4 Borrowing

The budgeted level of borrowing for 2024/25 is £50.477 million. 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 £50.471 million, £0.006 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 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 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, which is only now starting to ease but the cumulative/compound effects of the inflationary environment of the last few years remain locked into current construction/material prices. 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 in project expenditure and funding 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. This includes a provision for the return of contingencies of £2.539 million in 2024/25. 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

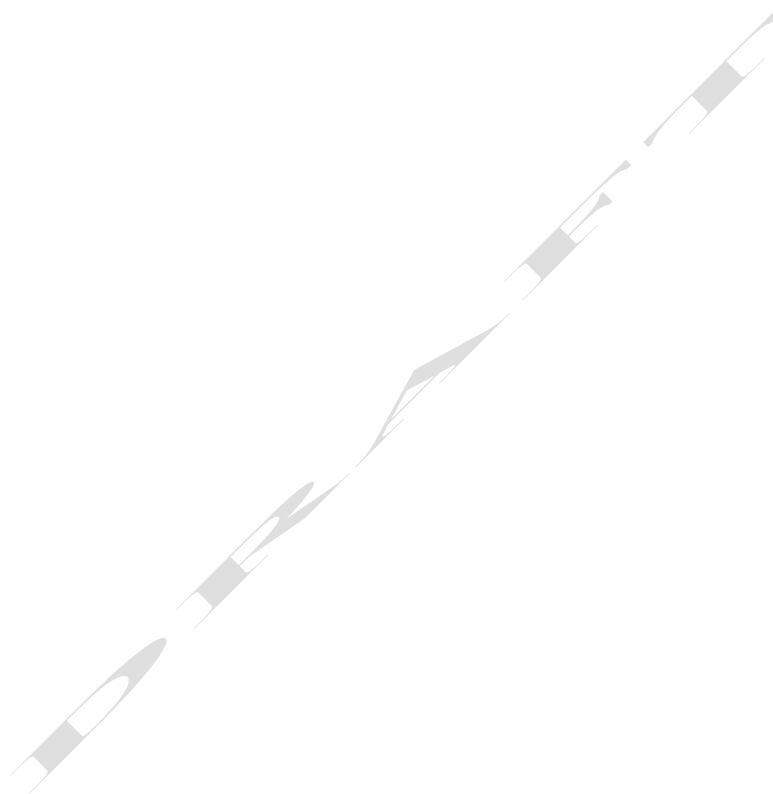
against the £13.081 million provision on an ongoing basis to ensure that projects can, where possible, deliver against this provision and that the provision continues to be appropriate.

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 2024/25 – Quarter 1 Monitoring

Appendix 1: GSCP 2024/25 – 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							
	2024/25	Rephased	2024/25	2024/25	2024/25	2024/25	Note/
GENERAL SERVICES CAPITAL PLAN	Budget	Budget	Actual	Forecast	Variance	Carry	Explanation
Q1 Monitoring	£'000	Q1	to P3	Outturn Q1	Q1	Forward Q1	for
		£000's	£000's	£000's	£000's	£000's	Variance/Carry Forward
CHILDREN, YOUNG PEOPLE & ESTATES PROGRAMME BOARD							
FULLY APPROVED PROJECTS							
Education - Primary							
Woodburn Primary 9 class & activity hall extension	7,329	7,372	1,031	7,372	-	(43)	Minor adjustment to project expenditure profile
Easthouses Primary School	5,446	5,446	3,251	5,446	-	-	
Mayfield & St. Luke's School Campus	10,268	10,268	173	10,268	-	-	
Burnbrae Primary - Conversion of ASN to GP Space	55	55	-	55	-	-	
Modular Units 2023/24	344	344	77	344	-	-	
Education - Secondary							
Lasswade High - Toilets & Changing to 1,800 Pupil	452	452	-	452	-	-	
Beeslack CHS Replacement	12,824	11,743	104	11,743	-	1,081	Some programme slippage associated with procurement process, with project team aiming to recover during remainder of project programme
Penicuik High School	2,329	2,058	214	2,058	-	271	No requirement for enabling works in 2024/25 linked to modular units
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	-	81	-	-	
Education - Primary - Projects near completion							
Paradykes Primary Replacement	69	69	3	69	-	-	
New Danderhall Primary hub	61	61	(62)	61	-	-	
Acoustic Upgrades	95	95	4	95	-	-	
Education - General							
Learning Estate Strategy: Development Budget	1,602	400	-	400	-	1,202	Realignment of budget across current life of capital plan
Burnbrae Primary School External Works	2	2	-	1	(1)	-	Project expenditure complete with minor underspend against budget
TOTAL - CHILDREN, YOUNG PEOPLE & ESTATE	41,492	38,981	4,807	38,981	(1)	2,511	
PROJECTS APPROVED IN PRINCIPLE							
Education - Primary							
Bilston Primary School Extension	-	-	26	26	-	-	
Mauricewood Refurbishment	807	807	27	807	-	-	
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 - CYPP APPROVED IN PRINCIPLE	2,341	2,341	53	2,341	-	-	
PROJECTS UNDER DEVELOPMENT							
Education - Primary							
Bonnyrigg Catchment Primary Schools Expansion	-	-	1	-	-	-	
Education - Secondary							
Shawfair All-through Campus	1,652	1,652	-	1,652	-	-	
Identification of a site for a Gorebridge High School	-	-	-	-	-	-	
TOTAL - CYPP PROJECT UNDER DEVELOPMENT	1,652	1,652	1	1,652	-	-	
CYPP - OVERALL TOTAL	45,485	42,974	4,862	42,974	(1)	2,511	

	2024/25	Rephased	2024/25	2024/25	2024/25	2024/25	2024/25
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	£000's
ASSET MANAGEMENT PROGRAMME BOARD							
Digital							
Business Applications	235	235	23	235	-	-	
Front Office - Hardware, Software & Services	160	160	-	160	-	-	
Back Office - Hardware, Software & Services	55	55	-	55	-	-	
Network, Software & Services	528	528	-	528	-	-	
Schools - Hardware, Software & Services	356	356	20	356	-	-	
Recharge of Staffing	110	110	-	110	-	-	
Digital: Equipped for Learning	2,120	2,120	-	2,120	-	-	
Roads & Street Lighting							
Street Lighting and Traffic Signal Upgrades - New	1,015	1,015	119	1,015	-	-	
Footway & Footpath Asset Management Plan - New	542	542	(89)	542	-	-	
Road Upgrades - Asset Management Plan	1,598	1,598	129	1,598	-	-	
Accelerated Roads Residential Streets	76	76	76	76	-	-	
Roads: Potholes & Upgrades / Residential Streets	4,687	4,687	245	4,687	-	-	
Roads Asset Management Plan - Temple Ground St	309	309	-	309	-	-	
Roads Asset Management Plan - B6372 Arniston Et	593	593	-	593	-	-	
Fleet							
Vehicle & Plant Replacement Programme	4,062	4,062	137	4,062	-	-	
Property							
Property Upgrades	1,034	1,034	17	1,034	-	-	
Property Upgrades - LES	843	843	-	843	-	-	
Open Spaces / Play Areas							
Outdoor Play Equipment - Rosewell	44	44	-	44	-	-	
Roslin Wheeled Sports Facility	59	59	-	59	-	-	
Mauricewood Road Bus Shelter	4	4	-	4	-	-	
Millerhill Park Asphalt Path	100	100	2	100	-	-	
Birkenside Play Equipment	72	72	-	72	-	-	
Welfare Park, Newtongrange	39	39	-	39	-	-	
Play Park Upgrades: Clarinda Gardens & Ironmills F	51	51	-	51	-	-	
Play Park Renewal 2023/24+	123	123	-	123	-	-	
Nature Restoration Fund 2023/24	43	22	-	22	-	21	Majority of works to be complete by October 2024 - remainder by May 2025
Contaminated Land	70	70	12	70	-	-	
Sport & Leisure							
Loanhead Memorial Park Pitch	66	66	-	66	-	-	
Flotterstone Car Park Infrastructure & Charging	16	16	-	16	-	-	
TOTAL - ASSET MANAGEMENT PROGRAMME BOARD	19,011	18,990	691	18,990	-	21	
TRANSPORT, ENERGY & INFRASTRUCTURE PROGRAMME BOARD							
Transport							
A701 Relief Road: Bush Loan Junction	61	61	54	61	-	-	
A701 Relief Road: A701 Active Travel Corridor	36	36	-	36	-	-	
A7 Urbanisation	187	187	-	187	-	-	
Active Travel Infrastructure	655	655	10	655	-	-	
Community Bus Fund	4	4	-	4	-	-	
Road Safety Improvement Fund	169	169	-	169	-	-	
FCC Zero Waste - Heat Offtake Facility	1,040	1,040	-	1,040	-	-	
TOTAL - TRANSPORT, ENERGY & INFRASTRUCTURE BOARD	2,153	2,153	64	2,153	-	-	
REGENERATION & DEVELOPMENT PROGRAMME BOARD							
Regeneration							
Place Based Investment Fund 2021/22	298	298	-	298	-	-	
Place Based Investment Fund 2022/23	182	182	67	182	-	-	
Place Based Investment Fund 2023/24	149	149	31	149	-	-	
Development							
Destination Hillend	12,707	4,975	1,775	4,975	-	7,732	Re-design of building taking place with deferral of any associated expenditure until later years of GSCP
Shawfair Town Centre Land Purchase	5,573	5,573	2,122	2,122	(3,451)	-	SLLP funding transferred directly from SLLP to Network Rail
TOTAL - REGENERATION & DEVELOPMENT PROGRAMME BOARD	18,910	11,178	3,995	7,726	(3,451)	7,732	

	2024/25	Rephased	2024/25	2024/25	2024/25	2024/25	
GENERAL SERVICES CAPITAL PLAN	Budget	2024/25	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							
Council Hybrid Meetings	22	22	-	22	-	-	
Property/Development							
Midlothian & Fairfield House Shower Upgrades	5	5	-	5	-	-	
32-38 Buccleuch Street Ground Floor Redevelopme	-	-	1	1	1	-	
Public Sector Housing Grants	291	291	50	291	-	-	
Penicuik THI: Public Realm Scheme	171	171	-	171	-	-	
CCTV Network	146	146	-	146	-	-	
2-4 West Street, Penicuik	26	26	1	20	(6)	-	Projected minor underspend with reduction in application of developer contributions
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	17	251	-	-	
Adult Social Care							
Assistive Technology	102	102	-	102	-	-	
Analogue to Digital Transition	851	851	-	851	-	-	
Highbank Intermediate Care Re provisioning	5,082	5,082	352	5,082	-	-	
Day Care Centre	464	464	-	464	-	-	
General Fund Share of Extra Care Housing	248	248	13	248	-	-	
TOTAL NOT ALLOCATED TO PROGRAMME BOA	7,909	7,909	435	7,904	(5)	-	
SUBTOTAL - PRE RETURN OF CONTINGENCIES	93,468	83,204	10,047	79,747	(3,457)	10,264	
Provision for Return of Contingencies	(2,539)	(2,539)	-	(2,539)	-	-	
GENERAL SERVICES CAPITAL PLAN TOTAL	90,929	80,665	10,047	77,208	(3,457)	10,264	