

**General Services Capital Plan 2015/16 Quarter 3 Monitoring
 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 information on the projected performance of the General Services Capital Plan against budget for 2015/16.

2. Background

2.1 2015/16 Budget

The Quarter 2 monitoring position for the General Services Capital Plan for 2015/16 was presented to Council on 3 November 2015 and, after accounting for known rephasing of projects and project under/overspends, forecast expenditure of £20.380 million and funding of £16.865 million, therefore giving a forecast in-year borrowing requirement of £3.515 million.

2.2 Adjustments to 2015/16 Budget

Expenditure

The forecast expenditure of £20.380 million, as reported at Quarter 2, has been adjusted as outlined in Tables 1 and 2 below:-

Table 1: New Projects

Project	Description of amendment to budget	Project Budget £000's
Purchase of 7 Eskdaill Court, Dalkeith	Purchase as part of Dalkeith Town Centre feasibility	700
Electric Vehicles – Powerpoint Installation*	Charging point for electric vehicles on Council buildings	61
Corporate Telephony Services Upgrade	Upgrade to Council telephony system to maintain PSN compliance	54
Hopefield Primary School demolition**	Demolition of Hopefield Primary School (Council share of costs)	39
EWiM – Buccleuch House Ground Floor	Refurbishment of ground floor of Buccleuch House	33
Webcasting Council, Cabinet & Committee Meetings	Equipment and software to facilitate the webcasting of various Council meetings	19
Total		+906

* Note that this project is fully funded through Scottish Government grant

** Note that this project is part financed through the recovery of insurance monies.

In addition, the upgrade to the Council's website has now been approved by Business Transformation Board, with £0.125 million to be funded out of the existing unallocated funding in the plan.

Table 2: Rephasing of project budget

Project	Description of amendment to budget	Previous 2015/16 Budget £000's	Revised 2015/16 Budget £000's	2015/16 Budget Movement £000's
New Gorebridge Primary	Detailed cashflow received from contractor	2,972	3,421	+449
New Bilston Primary	Detailed cashflow received from contractor	2,928	3,162	+234
Street Lighting Upgrades	Acceleration of spend for replacement of columns on A701	496	646	+150
Back Office – UPS devices	Asset replacement – acceleration of roll-out	10	40	+30
Saltergate Alterations	Spend classified as revenue in 2014/15 therefore not required from 2015/16 capital budgets	159	154	-5
Woodburn Family Learning Centre	Slippage in project expenditure	327	305	-22
Lasswade High School inc. MUGA	Delay in design works for MUGA of 1 month	202	172	-30
New recycling facility – Penicuik	Slippage in works	50	1	-49
Newbattle Centre Preparatory Works	Ongoing impact of ESA 10 delay	1,140	1,050	-90
Member's Environmental Improvements	Revised profile of spend based on in-year spend to date	280	140	-140
Paradykes & Roslin Preparatory Works	Start of on-site works now programmed for April 2016 with payments linked to milestones	667	523	-144
Paradykes Primary Replacement & Loanhead Hub	Start of on-site works now programmed for April 2016	500	0	-500
Roslin Primary Replacement	Start of on-site works now programmed for April 2016	500	0	-500
Total		10,231	9,614	-617

This therefore gives a revised budgeted expenditure of £20.669 million for 2015/16.

Funding

In line with this, the budgeted level of funding available to finance the plan has also been adjusted from the Q2 forecast funding of £16.865 million to £17.569 million, to reflect:-

- An increase of £0.061 million in Other Contributions, reflecting the award for full funding of the installation of charging points for Electric Vehicles;
- An increase of £0.314 million in Government Grants, reflecting:-
 - A reduction of £0.022 million of the Scottish Government's Early Year's Childcare Funding, rephased into 2016/17 in line with project expenditure;
 - An increase of £0.141 million of the Scottish Government's Early Year's Childcare Funding, to part-fund the refurbishment works at Bonnyrigg Leisure Centre for the Bright Sparks Nursery; and
 - A reduction of £0.195 million in the level of General Capital Grant funding which had been earmarked to fund Public Sector Housing Grants and Contaminated Land;
- An increase of £0.329 million in the application of developer contributions, reflecting the rephasing of expenditure in the plan; and

Borrowing

The forecast level of borrowing reported at Quarter 2 was £3.515 million. Based on the rephased expenditure and funding levels outlined above, the rephased budgeted borrowing required has reduced to £3.100 million.

2.3 Quarter 3 Projected Performance against Budget

Expenditure

Expenditure to 6 December 2015 is £8.014 million with a projected expenditure outturn of £20.877 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 3: Adjustment to expenditure budget of projects

Item	Description of adjustment to expenditure budget	Rephased Budget 2015/16 £000's	Projected Outturn 2015/16 £000's	Projected (Underspend)/ Overspend £000's
Bright Sparks	Design variances required due to complex alteration to existing building	356	564	+208

It is therefore expected that there will be a net overspend against budget for the year of £0.208 million. Options to fund this are currently being explored and include the utilisation of Early Year's Childcare Funding.

Funding

Funding received to 6 December 2015 is £10.171 million with a projected total funding available to finance the capital plan in 2015/16 of £17.569 million, in line with the rephased budget.

Borrowing

The rephased budgeted level of borrowing for 2015/16 was £3.100 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 £3.308 million. The impact of this on the Council's borrowing costs is reflected in the Financial Monitoring 2015/16 – General Fund Revenue report elsewhere on today's agenda.

2.4 Overall Position 2015/16

Based on the above, the projected performance against budget for 2015/16 is shown in the table below:-

Table 4: Projected performance against budget for 2015/16 at Quarter 3

Item	2015/16 Budget At Q2 £000's	Rephased 2015/16 Budget At Q3 £000's	Actual To 06/12/15 £000's	2015/16 Projected Outturn £000's	2015/16 Variance £000's	2015/16 Carry Forward £000's
Expenditure	20,936	20,669	8,014	20,877	208	617
Funding	16,865	17,569	10,171	17,569	0	
Borrowing Required	4,071	3,100	-2,157	3,308	208	

3. Capital Fund

The Capital Fund at the start of the 2015/16 financial year was £14.853 million. Capital Receipts of £4.317 million are forecast to be received in 2015/16 (£2.256 million to 06/12/15), and will be transferred to the capital fund. This will increase the balance in the Capital Fund to £19.170 million. Officers are currently reviewing the medium to long term strategy for the utilisation of the Capital Fund and will report back in due course.

4. Report Implications

4.1 Resource

The borrowing required to finance the planned investment in 2015/16 is projected to be £3.100 million. The loan charges associated with this borrowing are reported to Council in the Financial Monitoring 2015/16 – General Fund Revenue report presented elsewhere on today’s agenda.

4.2 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.

4.3 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

4.4 Impact on Performance and Outcome

There are no issues arising directly from this report.

4.5 Adopting a Preventative Approach

There are no issues arising directly from this report

4.6 Involving Communities and Other Stakeholders

No external consultation has taken place on this report.

4.7 Ensuring Equalities

There are no equalities issues arising directly from this report.

4.8 Supporting Sustainable Development

There are no sustainability issues arising directly from this report.

4.9 IT Issues

There are no IT implications arising from this report.

5 Recommendations

Council is asked to:

- a) Note the General Services Capital Plan Quarter 3 monitoring position for 2015/16;
- b) Approve the projects as outlined in Table 1 in Section 2.2 to be added to the General Services Capital Plan.

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Report Contact:

Name Gary Thomson

Tel No 0131 271 3230

gary.thomson@midlothian.gov.uk

Background Papers:

Appendix 1 – Detailed General Services Capital Plan Expenditure 2015/16

Appendix 1

Detailed General Services Capital Plan Expenditure 2015/16

	Rephased				
GENERAL SERVICES CAPITAL PLAN	2015/16	2015/16	2015/16	2015/16	2015/16
2015/16 Quarter 3 Monitoring	Budget	Actual	Projected	Variance	Carry
	Q3	to 06/12/15	Outturn		Forward
	£000's	£000's	£000's	£000's	£000's
RESOURCES					
Finance & Integrated Service Support					
Front Office - Device & Interactive Asset Upgrades	375	330	375	0	0
Back Office - Anti Virus Upgrades	0	0	0	0	0
Back Office - Server Replacement	160	41	160	0	0
Back Office - UPS Devices	40	32	40	0	0
Network Enterprise - Network Internet Connection	0	0	0	0	0
Network Enterprise - Network Assets (Power & Data)	75	15	75	0	0
IGS - Compliance - Data Encryption	0	0	0	0	0
IGS - Compliance - PCI	0	0	0	0	0
Disaster Recovery	0	0	0	0	0
Service Desk - ITMIS Service Improvement	50	0	50	0	0
Midlothian Website Development	5	0	5	0	0
IT Development (Education)	0	0	0	0	0
Committee Management System	15	10	15	0	0
Paperless Meetings	16	0	16	0	0
Business Application Upgrades inc. mobile working	100	16	100	0	0
Commercial Services					
Street Lighting Upgrades	646	518	646	0	0
Street Lighting LED Upgrade (Salix Funded)	200	178	200	0	0
Footway & Footpath Network Upgrades	1,000	41	1,000	0	0
Road Upgrades	1,521	587	1,521	0	0
A6106 Lugton	30	30	30	0	0
Millerhill Access Road / Site Services	100	15	100	0	0
Beeslack High School Safer Routes to School	0	0	0	0	0
Cycling, Walking & Safer Streets Projects	127	-11	127	0	0
Ironmills Park Steps	28	0	28	0	0
Emily Bing	13	0	13	0	0
New recycling facility - Penicuik	1	1	1	0	0
Waste Collection Vehicles	338	296	338	0	0
Food Waste Collection	526	374	526	0	0
Vehicle & Plant Replacement Programme	1,484	764	1,484	0	0
Electric Vehicles - Powerpoint Installation	61	61	61	0	0
Install Geogrid - Barleyknowe Lane	102	0	102	0	0
Bonnyrigg Skate Park	4	4	4	0	0
Newtongrange Wheeled Sports park	39	2	39	0	0
Loanhead Memorial Park	60	19	60	0	0
Riverside Park	26	0	26	0	0
20mph Limits	40	0	40	0	0
Vogrie Car Parking Barriers	33	0	33	0	0
CCTV Upgrade	93	0	93	0	0
Webcasting Council, Cabinet & Committee Meetings	19	0	19	0	0
Property & Facilities					
Stobhill Depot Upgrade	0	0	0	0	0
Property Upgrades inc. Lighting/Lightning	1,576	292	1,576	0	0
Purchase of 7 Eskdail Court, Dalkeith	700	0	700	0	0
Primary 1-3 Free School Meals	12	2	12	0	0
TOTAL RESOURCES	9,615	3,616	9,615	0	0

	Rephased				
	2015/16	2015/16	2015/16	2015/16	2015/16
	Budget	Actual	Projected	Variance	Carry
EDUCATION, COMMUNITY AND ECONOMY	Q3	to 06/12/15	Outturn		Forward
Early Years	£000's	£000's	£000's	£000's	£000's
Woodburn Family Learning Centre	305	1	305	0	0
Further Early Years Provisions	0	0	0	0	0
Primary					
Burnbrae Primary	23	0	23	0	0
New Bilston Primary	3,162	844	3,162	0	0
New Gorebridge North Primary	3,421	1,412	3,421	0	0
Rosewell Primary Extension	104	7	104	0	0
Corbank Primary Extension	24	-3	24	0	0
St Andrews Primary Extension	5	-13	5	0	0
Newtongrange Primary Extension	30	5	30	0	0
Paradykes & Roslin Primaries Preparatory Works	523	152	523	0	0
Paradykes Primary Replacement	0	0	0	0	0
Roslin Primary Replacement	0	0	0	0	0
Gorebridge Primary School Additional Classroom	12	12	12	0	0
Hopefield Primary School Demolition	39	164	39	0	0
Hawthornden Primary School Roof	6	6	6	0	0
Stobhill Primary School Footpath	22	22	22	0	0
Secondary					
Lasswade High School inc. 2nd MUGA	172	119	172	0	0
Newbattle Centre Preparatory Works	1,050	580	1,050	0	0
Newbattle Centre - Future Extension	0	0	0	0	0
Saltersgate Alterations	154	62	154	0	0
General					
Online Payments for Schools	45	0	45	0	0
Bright Sparks	356	271	564	0	208
PPP1 Land Acquisition	27	0	27	0	0
Children and Families					
Eastfield Children's Unit	3	3	3	0	0
Woodburn Children's Unit	0	0	0	0	0
Planning & Development					
Environmental Improvements	140	38	140	0	0
Property Asset Management System	9	0	9	0	0
Dalkeith Town Centre (TCRF??)	1	1	1	0	0
TOTAL EDUCATION, COMMUNITY AND ECONOMY	9,633	3,685	9,841	0	208
HEALTH AND SOCIAL CARE					
Adult & Social Care					
Care Homes	1	1	1	0	0
Penicuik Care Home Hub	33	23	33	0	0
Penicuik Care Home Hub - Fit Out	0	0	0	0	0
Highbank OPH - Adaptations (Phase II)	0	0	0	0	0
Assistive Technology	260	24	260	0	0
Travelling Peoples Site Upgrade	17	0	17	0	0
Customer & Housing Services					
Libraries Cash Management System	-1	-1	-1	0	0
TOTAL HEALTH AND SOCIAL CARE	310	48	310	0	0
COUNCIL TRANSFORMATION					
Purchase to Pay	32	8	32	0	0
Property Services Review / Mobile Working	43	33	43	0	0
EDRMS	12	6	12	0	0
EWiM	125	180	125	0	0
EWiM Phase 2	661	438	661	0	0
Online Housing Applications	27	0	27	0	0
Corporate Telephony Services Upgrade	54	0	54	0	0
EWiM - Buccleuch House Ground Floor	33	0	33	0	0
Unallocated	125	0	125	0	0
TOTAL COUNCIL TRANSFORMATION	1,112	665	1,112	0	0
GENERAL SERVICES CAPITAL PLAN TOTAL	20,669	8,014	20,878	0	208