

General Services Capital Plan 2018/19 to 2021/22**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 incorporating information on further additions to the Capital Plan for approval (Section 2);
- An update of the General Services Capital Plan for projects that are now approved in principle with provisional budgets following Council approval of the Capital Investment Strategy on 13 November 2018 (Section 3);
- Update on the gross and net debt outstanding position (Section 4);
- Update on the capital fund (Section 5).

2 Update of General Services Capital Plan for new projects**2.1 Amendment to existing project budgets**

Amendments to the budgets of the following projects are proposed:-

- **Hopefield Primary School:-** Adjustment to budget from £11.654 million to £11.063 million (reduction of £0.591 million) as a result of tenders coming back at a lower value than budget;
- **Shawfair Town Centre:-** Adjustment to budget from £5.615 million to £5.305 million (reduction of £0.310 million) as a result of a renegotiated land purchase price with Network Rail. Reduction in funding of £0.310 million from Shawfair LLP in line with this.

2.2 Projects presented for approval

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

- **Saltersgate:-** Internal alterations to existing building. Capital expenditure budget of £0.063 million phased fully in 2018/19. To be fully funded by prudential borrowing;
- **Hillend:-** Transport and environmental studies together with site investigation to allow planning application to be submitted in early 2019. Capital expenditure budget of £0.060 million phased fully in 2018/19. To be fully funded by prudential borrowing.

The inclusion of these projects, if approved by Council today, will revise the overall levels of expenditure, funding and borrowing required over the period 2018/19 to 2021/22 as shown in table 1 below.

Table 1: General Services Capital Plan including approved projects and projects presented at today's Council meeting for approval

Item	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	Total Budget
	£000's	£000's	£000's	£000's	£000's
Expenditure	31,164	54,009	37,908	24,012	147,093
Funding	24,002	23,373	23,811	14,747	85,934
Borrowing Required	7,162	30,636	14,097	9,265	61,159

3 Capital Investment Strategy

3.1 Expenditure

Council, on 13 November 2018, approved the adoption of the Capital Investment Strategy. In doing so, Council noted that the existing rolling five year General Services and HRA capital plans would be updated to reflect the priority projects set out for the earlier years of the Capital Investment Strategy.

The table below sets out the proposed additions to the General Services Capital Plan in the period 2018/19 to 2021/22 arising from the Capital Investment Strategy. This covers the changes to the capital expenditure budgets for the current Roads, Fleet and Property Asset Management Strands¹. The table also outlines investment required in Early Years provision and the investment required in the Learning Estate, as per the Learning Estate Strategy presented to Council in September 2017 (updated to reflect current expenditure forecasts).

Table 2: Additions to the General Services Capital Plan Expenditure Budgets as outlined in the Capital Investment Strategy

Category	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	Total £000's	Notes
Roads/Footways/Street Lighting	0	309	0	0	309	<i>Appendix 1</i>
Fleet	462	2,260	-657	-217	1,848	<i>Appendix 1</i>
Property	0	1,041	21	234	1,296	<i>Appendix 1</i>
Early Years	689	8,177	2,452	1,287	12,605	<i>Appendix 2</i>
Learning Estate Strategy	252	8,676	12,628	6,221	27,778	<i>Appendix 3</i>
Others	150	155	190	169	664	<i>Appendix 4</i>
Return of Contingencies (2.5%)	-372	-809	-1,845	-1,267	-4,294	
Total	1,180	19,810	12,789	6,426	40,205	

¹ The Asset Management Plan budgets for Digital Services were consolidated in the General Services Capital Plan – Quarter 2 Monitoring report to Council.

It should be noted that the projects outlined in Appendices 1 to 4 are approved ***in principle*** in the General Services Capital Plan and have ***provisional*** budgets set for each. As such, for each of these projects to fully progress and therefore receive full approval in the General Services Capital Plan, it is proposed that a report for each individual project will be required to be presented to Council for approval.

3.2 Funding

Table 1 below summarises the funding position for general services for each of the years. At this time the funding assessment provides for the planned utilisation of the Capital Fund and future capital receipts to support investment with the retention of a minimum balance for the Capital Fund of £5 million to provide for unforeseen capital investment needs.

Table 3: General Services Capital Plan Funding

Funding	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	Total £000's
Government Grants	9,898	11,764	10,104	10,207	41,973
Government Grants – Early Years	3,386	9,520	2,814	1,304	17,024
Government Grants – Others	1,282	474	0	0	1,756
City Deal Funding (Scottish Government)	0	0	10,900	0	10,900
City Deal Funding (Capital Fund)	0	0	0	7,694	7,694
Receipts from Sales	3,574	5,265	0	7,140	15,979
Receipts from Sales to Capital Fund	-3,574	-5,265	0	-7,140	-15,979
Transfer from Capital Fund to Capital Plan	750	1,687	2,000	3,000	7,437
HRA Land Transfers applied to Capital Plan	250	900	1,100	0	2,250
Developer Contributions – LES	1,514	6,362	9,107	3,792	20,775
Developer Contributions – A701	862	0	425	425	1,712
Developer Contributions – Other Projects	614	30	0	0	644
Other Contributions	7,750	1,687	0	0	9,437
Total	26,306	32,424	36,450	26,422	121,602

3.3 Borrowing

The inclusion of the revised expenditure profile as outlined in Section 3.1, and the revised funding as outlined in Section 3.2, if approved by Council today, will revise the borrowing required over the period 2018/19 to 2021/22 as shown in table 1 below.

Table 4: General Services Capital Plan including Capital Investment Strategy projects presented for approval in principle

Item	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	Total Budget
	£000's	£000's	£000's	£000's	£000's
Expenditure	32,345	73,818	50,696	30,438	187,298
Funding	26,306	32,424	36,450	26,422	121,602
Borrowing Required	6,039	41,394	14,247	4,017	65,696

As noted in the Capital Investment Strategy, whilst the first 5 years of the plan are fully funded, there remains an affordability gap for general fund services over the ten year life of the plan and that work will continue to find ways to address this. This work will be led by the Capital Plan and Asset Management Board with proposed changes reflected in the annual refresh of the strategy.

4. Debt Outstanding

The projected level of gross debt outstanding, based on the expenditure and income assumptions outlined in Table 7, is shown in the table below.

Including forward funded projects (where the Council incurs capital expenditure which is expected to be funded by future developer contribution receipts), the projected level of net debt outstanding is also shown in table 5 below.

Table 5: Debt outstanding net of any forward funded projects

Item	2018/19 Budget £000's	2019/20 Budget £000's	2020/21 Budget £000's	2021/22 Budget £000's
Debt Outstanding 01 April	116,119	118,274	155,997	166,325
Borrowing arising from Capital Plan	6,039	41,394	14,247	4,017
Debt Repayments	-3,884	-3,671	-3,919	-3,941
GROSS Debt Outstanding 31 March	118,274	155,997	166,325	166,401

5. Capital Fund

The capital fund balance at 31 March 2018 was £19.711 million, with a projected balance at 31 March 2019 of £22.535 million. £7.694 million of this is currently earmarked to fund City Deal projects and £1.687 million to fund the Hopefield Primary project (utilising the insurance receipt).

£14.305 million of receipts from sales are expected to be transferred into the capital fund across the period 2019/20 to 2021/22. £5.000 million of the Capital Fund balance is earmarked to support the level of investment identified in the Capital Investment Strategy across the current life of the plan (18/19 to 21/22). In addition, a further £17.459 million is earmarked to support investment in 2022/23 and beyond. This leaves a non-earmarked balance of £5.000 million at 31 March 2022.

6. Report Implications

6.1 Resource

The borrowing required to finance the planned investment in 2018/19 to 2021/22 is currently £65.696 million.

6.2 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.

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. In addition it will be challenging to progress potential additional projects such as Dalkeith town centre redevelopment and master planning proposals for Newtongrange and Stobhill unless these are on a spend to save basis.

6.3 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

6.4 Impact on Performance and Outcome

There are no issues arising directly from this report.

6.5 Adopting a Preventative Approach

There are no issues arising directly from this report

6.6 Involving Communities and Other Stakeholders

No external consultation has taken place on this report.

6.7 Ensuring Equalities

There are no equalities issues arising directly from this report.

6.8 Supporting Sustainable Development

There are no sustainability issues arising directly from this report.

6.9 Digital Services Issues

There are no Digital Services implications arising from this report.

7 Recommendations

Council is asked to:

- a) Approve the amendment to the existing budget for the Hopefield Primary School and Shawfair Town Centre projects as noted in Section 2.1;
- b) Approve the inclusion of the projects listed in Section 2.2 of this report in the General Services Capital Plan;
- c) Approve in principle with provisional budgets the projects identified in Section 3 and require that for each of these projects to receive full approval in the General Services Capital Plan, a report on each of these will be required to be presented to Council for approval;
- d) Approve the utilisation of £22.459 million of the Capital Fund, as noted in Section 5, to support the capital investment in the projects identified in Section 3.

Date 07 December 2018

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Background Papers:

Appendix 1 – Roads, Street Lighting, Footways/Footpaths, Fleet & Property Asset Management Plan additions

Appendix 2 – Early Years additions

Appendix 3 – Learning Estate Strategy additions

Appendix 4 – Other projects additions

Appendix 5 – Summary General Services Capital Plan 2018/19 to 2021/22

Appendix 6 – Detailed General Services Capital Plan Expenditure 2018/19 to 2021/22

Appendix 1 – Roads, Street Lighting, Footways/Footpaths, Fleet & Property Asset Management Plan additions

Roads, Street Lighting & Footways/Footpaths

Project	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	Total £000's
C50 Temple Ground Stabilisation	0	309	0	0	309

Fleet

Project	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	Total £000's
Current GSCP	-760	-2,863	-1,707	-4,234	-9,564
Vehicle Replacement	1,235	3,974	1,039	4,015	10,263
Plant Replacement	0	1,418	67	213	1,698
5% savings target/reduction	-13	-269	-56	-211	-549
Total	462	2,260	-657	-217	1,848

Property

Project	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	Total £000's
Poltonhall Astro & Training Area Resurfacing	0	464	0	0	464
Penicuik Astro Resurfacing	0	309	0	0	309
Kings Park Tennis Courts Resurfacing	0	82	0	0	82
Penicuik Centre Flooring, Cardio & Equipment	0	155	0	45	200
Lasswade Centre Flooring, Cardio & Equipment	0	31	4	124	159
Gorebridge Leisure Centre	0	0	17	62	79
Loanhead Centre	0	0	0	3	3
Total	0	1,041	21	234	1,296

Appendix 2 – Early Years Additions

Project	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	Total £000's
Hawthorn Centre	258	2,319	0	0	2,577
Rosewell Primary School Alterations	37	332	0	0	369
Mount Esk Nursery School	153	1,380	0	0	1,533
Dalkeith Primary School	0	850	850	0	1,700
Rosewell Primary School New Build	64	573	0	0	637
Easthouses Primary School (Newbattle HS)	0	316	789	473	1,578
Gorebridge Standalone	137	1,234	0	0	1,371
Vogrie Park	20	180	0	0	200
Penicuik Estate	20	180	0	0	200
Catering Kitchens	0	267	267	267	800
Setting's Kitchens	0	47	47	47	140
Capital Grants to Partner Providers	0	500	500	500	1,500
Total	689,	8,177	2,452	1,287	12,605

Appendix 3 – Learning Estate Strategy additions

Project	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	Total £000's
Woodburn Primary Extension 1 Class	63	570	0	0	634
Lasswade High – Core Facilities 1,600 Pupils	189	1,699	0	0	1,888
King's Park Extension to 3 stream	0	2,443	2,443	0	4,886
Area 23 Primary School	0	3,811	9,528	5,717	19,056
Newtongrange Primary Extension to 2 stream	0	0	504	504	1,008
Strathesk Primary Extension 1 Class	0	153	153	0	306
Total	252	8,676	12,628	6,221	27,778

Appendix 4 – Other project additions

Project	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	Total £000's
Health & Social Care ICT	150	155	160	169	634
Birkenside Grass Pitch Drainage	0	0	30	0	30
Total	150	155	190	169	664

Appendix 5

Summary General Services Capital Plan 2018/19 to 2021/22

GENERAL SERVICES CAPITAL PLAN	2018/19	2019/20	2020/21	2021/22	Total
2018/19 to 2021/22	Budget	Budget	Budget	Budget	Budget
	£'000	£'000	£'000	£'000	£'000
EXPENDITURE					
Resources	12,602	21,352	16,836	11,828	62,618
Education, Community & Economy	18,648	45,485	22,103	9,196	95,433
Health & Social Care	1,433	7,787	2,910	547	12,676
Council Transformation	35	4	10,692	10,135	20,866
Provision for return of contingencies	-372	-809	-1,845	-1,267	-4,294
Total Approved Expenditure	32,345	73,818	50,696	30,438	187,298
FUNDING					
Government Grants	9,898	11,764	10,104	10,207	41,973
Government Grants - Early Years	3,386	9,520	2,814	1,304	17,024
Government Grants - Others	1,282	474	0	0	1,756
City Deal Funding (Scottish Government)	0	0	10,900	0	10,900
City Deal Funding (Capital Fund)	0	0	0	7,694	7,694
Receipts from Sales	3,574	5,265	0	7,140	15,979
Receipts from Sales transferred to Capital Fund	-3,574	-5,265	0	-7,140	-15,979
Transfer from Capital Fund to Capital Plan	750	1,687	2,000	3,000	7,437
Land Transfers from HRA Applied to Capital Plan	250	900	1,100	0	2,250
Developer Contributions - GSCP Committed	1,325	4,581	1,942	814	8,663
Developer Contributions - LES New	189	1,781	7,165	2,978	12,112
Developer Contributions - A701/702	862	0	425	425	1,712
Developer Contributions - Other Projects	614	30	0	0	644
Other Contributions	7,750	1,687	0	0	9,437
Total Available Funding	26,306	32,424	36,450	26,422	121,602
Approved Borrowing Required	6,039	41,394	14,247	4,017	65,696

Appendix 6

Detailed General Services Capital Plan Expenditure 2018/19 to 2021/22

GENERAL SERVICES CAPITAL PLAN	2018/19	2019/20	2020/21	2021/22	Total
2018/19 to 2021/22	Budget	Budget	Budget	Budget	Spend
	£'000	£'000	£'000	£'000	£'000
RESOURCES					
Customer Services					
Schools - Hardware, Software & Services	397	743	743	760	2,642
Front Office - Hardware, Software & Services	910	804	606	223	2,543
Back Office - Hardware, Software & Services	547	399	444	560	1,951
Network, Software & Services	740	148	170	301	1,359
Corporate Solutions	422	118	169	127	836
Business Applications	101	84	101	84	371
Newbattle Centre of Excellence	373	77	0	0	450
Commercial Operations					
Street Lighting Upgrades	973	1,000	1,000	1,350	4,323
Footway & Footpath Network Upgrades	302	500	500	675	1,977
Road Asset Management Plan	1,785	1,500	1,500	2,025	6,810
Road Asset Management Plan - additions	0	309	0	0	309
Millerhill Access Road / Site Services	0	0	0	0	0
Zero Waste Capital Contribution	0	0	7,380	0	7,380
Cycling, Walking & Safer Streets Projects	108	102	94	122	426
Footpath Lighting: Bonnyrigg Bypass to Gorton Road	44	0	0	0	44
B6482 Newbattle/Easthouses Road Cycleway	29	0	0	0	29
A6094: Bonnyrigg Bypass Cycleway & Toucan Crossing / Road	26	0	0	0	26
Ironmills Park Steps	6	0	0	0	6
New recycling facility - Penicuik	0	243	0	0	243
Vehicle & Plant Asset Management Plan	760	2,863	1,707	4,234	9,564
Vehicle & Plant Asset Management Plan - Additions	462	2,260	-657	-217	1,848
Electric Vehicles - Powerpoint Installation	0	0	0	0	0
Geogrid - Barleyknowe Lane	40	0	0	0	40
King George V Park Outdoor Fitness Equipment	4	0	0	0	4
Outdoor Play Equipment - Rosewell	49	0	0	0	49
Outdoor Play Equipment - Gorebridge	129	0	0	0	129
Arniston Park Synthetic Pitch	29	16	0	0	45
Cuiken Glen Paths & Woodland	228	0	0	0	228
Mauricewood Bing Cycling and Walking Path	109	0	0	0	109
A701 / Beeslack Bus Shelter	28	0	0	0	28
Mauricewood Road Bus Shelter	13	0	0	0	13
Riverside Park Paths & Woodland	0	30	0	0	30
Birkenside Grass Pitch Drainage	0	0	30	0	30
Property & Facilities					
Stobhill Depot Upgrade	0	568	0	0	568
New Depot: EWIM Phase III	744	6,884	2,028	0	9,655
Property Asset Management Plan	1,406	1,000	1,000	1,350	4,756
Property Asset Management Plan - Additions	0	1,041	21	234	1,296
Midlothian House 3rd Floor Reconfiguration	0	0	0	0	0
Purchase of 7 Eskdail Court, Dalkeith	29	0	0	0	29
Purchase of 49 Abbey Road, Dalkeith	12	0	0	0	12
Hillend Freestyle Jump Slope Upgrade	0	208	0	0	208
Hillend Preparatory Works	0	60	0	0	60
32-38 Buccleuch Street Ground Floor Redevelopment	180	180	0	0	360
Leisure Management System (Legend)	161	4	0	0	165
Cashless Catering	50	0	0	0	50
Non-Domestic Energy Efficiency Projects	1,330	210	0	0	1,540
Salt Dome	75	0	0	0	75
TOTAL RESOURCES	12,602	21,352	16,836	11,828	62,618

	2018/19	2019/20	2020/21	2021/22	Total
EDUCATION, COMMUNITY AND ECONOMY	Budget	Budget	Budget	Budget	Spend
Early Years	£'000	£'000	£'000	£'000	£'000
Gorebridge Development Trust (EYG Funded)	0	0	0	0	0
Gorebridge Development Trust	116	0	0	0	116
Gorebridge Development Trust (EYG Funded)	38	0	0	0	38
Further Early Years Provisions inc. 1140 hours	0	0	0	0	0
Primary				0	
New Bilston Primary	40	86	0	0	126
New Gorebridge North Primary	100	86	0	0	186
Paradykes & Roslin Primaries Preparatory Works	0	0	0	0	0
Paradykes Primary Replacement	500	866	0	0	1,366
Roslin Primary Replacement	400	273	0	0	673
Former Hopefield Primary School	750	9,250	970	0	10,970
Inspiring Learning Spaces	35	0	0	0	35
New Danderhall Primary hub	750	10,431	5,000	937	17,117
Cuiken & Sacred Heart Primaries - Design Team	0	0	0	0	0
Cuiken Primary School Extension	588	1,330	101	0	2,019
Sacred Heart Primary School Extension	1,817	2,019	202	0	4,038
Lawfield Primary Extension	92	519	0	0	610
Secondary					
Lasswade High School inc. 2nd MUGA	0	0	0	0	0
Newbattle High School Preparatory Works	726	182	0	0	908
Newbattle High School - Future Extension	0	0	0	0	0
Beeslack Community High School Pitch	0	0	0	0	0
General					
Online Payments for Schools (Parent Pay)	58	10	0	0	67
Saltersgate Alterations Phase III - Playground Improvements	9	252	0	0	261
Saltersgate Phase IV - Internal Alterations	63	0	0	0	63
Modular Units - Session 2017/18	2,475	84	0	0	2,559
Modular Units - Session 2018/19	415	715	0	0	1,130
Early Years Additions					
Hawthorn Centre	258	2,319	0	0	2,577
Rosewell Primary School Alteration	37	332	0	0	369
Mount Esk Nursery School	153	1,380	0	0	1,533
Dalkeith primary school	0	850	850	0	1,699
Rosewell Primary School New Build	64	573	0	0	637
Easthouses primary school (Newbattle HS)	0	316	789	473	1,578
Gorebridge standalone (Beacon?)	137	1,234	0	0	1,371
Vogrie Park	20	180	0	0	200
Penicuik Estate	20	180	0	0	200
Catering kitchens	0	267	267	267	800
Settings' kitchens	0	47	47	47	140
Capital grants to partner providers	0	500	500	500	1,500
Learning Estate Strategy New					
Woodburn Primary extension (1 class plus)	63	570	0	0	634
Lasswade High - core facilities for 1600 pupils	189	1,699	0	0	1,888
Kings Park PS extension to 3 stream incl EY	0	2,443	2,443	0	4,887
Area 23 Primary School (Dalkeith/Easthouses)	0	3,811	9,528	5,717	19,056
Newtongrange refurb & expansion to 2 stream	0	0	504	504	1,009
Strathesk Primary one class extension	0	153	153	0	305
Children and Families					
Planning & Development					
Members Environmental Improvements	100	280	0	0	380
Public Sector Housing Grants	336	434	385	385	1,540
Contaminated Land	100	272	186	186	744
Borders Rail - Economic Development Projects	63	62	0	0	125
East High Street Public Realm & Burns Monument	4	0	0	0	4
Shawfair Town Centre Land Purchase	5,305	0	0	0	5,305
Track to Train	478	0	0	0	478
Gorebridge Connected	908	735	0	0	1,643
Penicuik THI	435	229	0	0	664
Mayfield Town Centre Regeneration	52	28	0	0	80
Participatory Budgets	50	490	180	180	900
A701 & A702 Works	904	0	0	0	904
TOTAL EDUCATION, COMMUNITY AND ECONOMY	18,648	45,485	22,103	9,196	95,433

	2018/19	2019/20	2020/21	2021/22	Total
	Budget	Budget	Budget	Budget	Spend
	£'000	£'000	£'000	£'000	£'000
HEALTH AND SOCIAL CARE					
Adult & Social Care					
Assistive Technology	100	460	150	203	913
Health & Social Care ICT	150	155	160	169	634
Travelling Peoples Site Upgrade	17	0	0	0	17
Homecare	55	0	0	0	55
Recovery Hub	533	297	0	0	829
Highbank Intermediate Care Reprovisioning	350	6,875	2,600	175	10,000
Customer & Housing Services					
Online Payments & Services	228	0	0	0	228
TOTAL HEALTH AND SOCIAL CARE	1,433	7,787	2,910	547	12,676
COUNCIL TRANSFORMATION					
Purchase to Pay	6	0	0	0	6
EWiM Phase 2	0	0	0	0	0
Online Housing Applications	-4	4	0	0	0
Corporate Telephony Services Upgrade	0	0	0	0	0
EWiM - Buccleuch House Ground Floor	33	0	0	0	33
Website Upgrade	0	0	0	0	0
City Deal	0	0	10,692	10,135	20,827
TOTAL COUNCIL TRANSFORMATION	35	4	10,692	10,135	20,866
PROVISION FOR RETURN OF CONTINGENCIES					
2.5% Provision over full capital plan	-372	-809	-1,845	-1,267	-4,293
GENERAL SERVICES CAPITAL PLAN TOTAL	32,345	73,818	50,697	30,439	187,298