

General Services Capital Plan 2017/18 Final Outturn

Report by Gary Fairley, Head of Finance and Integrated Service Support

1 Purpose of Report

This report presents the final outturn for 2017/18 on the General Services Capital Plan and an update on future years.

2 Background

2.1 Expenditure

The latest 2017/18 General Services Capital Plan was approved by Council on 13 February 2018, with an expenditure budget of £24.916 million.

After reflecting rephasing of 2017/18 budgets to/from 2018/19 as shown in Appendix 1, the final budget for the year is £17.677 million. Material rephasing of budgets are shown in tables 1 and 2 below:-

Table 1: Material Rephasing of budgets from 2017/18 forward to 2018/19

Project	Amount £000's	Notes
Shawfair Town Centre Land Purchase	3,650	Section 42 masterplan to be resolved prior to land purchase – expected conclusion December 2018.
Modular Units – Sessions 2017/18 and 2018/19	1,729	Finalisation of internal layouts resulted in implementation being pushed back to early 2018/19.
Vehicle & Plant Replacement Programme	598	Deferral of purchase of remainder of 2017/18 fleet replacement programme until 2018/19.
Digital Services Projects	265	Consolidated into Digital Services Asset Management Plan
A701 & A702 Works	226	Due to scheduling issues with the sonic percussive rig and contract administration by the consultant.
Outdoor Play Equipment – Rosewell & Gorebridge	116	Consequence of the evaluation of tenders – work now expected to commence in Gorebridge in early 2018/19 and later in year for Rosewell.
Property Upgrades	121	Rephasing of spend compared to previous planning assumption
Stobhill Depot	100	Project on hold pending progression of the Hopefield Resource Centre project
Others	807	
Total	7,612	

Appendix 1 contains detail on rephasing of budgets on a project by project basis.

Table 2: Material rephasing of budgets from 2018/19 back to 2017/18

Project	Amount £000's	Notes
Footway & Footpaths	251	Appointment of framework contractors in quarter 4 allowed faster than expected progress on footway upgrades despite adverse weather.
Digital Services Projects	99	Consolidated into Digital Services Asset Management Plan
Others	82	
Total	432	

Appendix 1 contains detail on rephasing of budgets on a project by project basis.

Actual expenditure in the year was £16.984million, giving an underspend of £0.723 million as detailed in Appendix 2. Material variances are as follows:-

Project	Rephased Project Budget 2017/18 £000's	Actual Outturn 2017/18 £000's	(Under)/ Over Spend £000's	Notes
Cycling, Walking & Safer Streets Projects	265	333	+68	Expenditure on new cycle paths and footways fully matched by external funding contributions from Sustrans
Newtongrange Primary Extension	0	24	+24	Settlement of final account which took a considerable period of time to agree with loss adjusters following liquidation of current contractor
Electric Vehicles Powerpoint Installation	64	83	+19	Installation of electric vehicle charging points that were ineligible for Scottish Government grant funding
Bilston/Gorebridge Primary Schools	163	63	-100	Release of contingencies as a result of project underspend
Loanhead Hub / Paradykes Primary School	5,983	5,883	-100	Release of contingency as a result of project underspend
Roslin Primary School	1,378	1,178	-200	Release of contingency as a result of project underspend
Lasswade High School	361	61	-300	Release of contingency as a result of project underspend
Others	1,045	941	-104	
Total	9,259	8,566	-693	

2.2 Funding

After adjusting for carry-forwards the Plan budgeted for funding of £13.038 million, as shown in Section 2.4.

Actual funding was £13.106 million, £0.068 million more than budget, with the variances relating to an increase in external funding contributions of £0.068 million from Sustrans to fund Cycling, Walking

and Safer Streets projects.

2.3 Borrowing

After adjusting for carry forwards the Plan budgeted for in-year borrowing of £4.639 million.

Actual borrowing was £3.878 million. The reduction in borrowing reflects:-

- the net underspend in 2017/18 of £0.693 million as described in Section 2.1; and
- the additional funding of £0.068 million as noted in Section 2.2.

2.4 Summary

A summary of the final outturn position for 2017/18 is outlined in the table below.

GENERAL SERVICES CAPITAL PLAN OUTTURN

	2017/18 Budget	2017/18 Carry Forward	2017/18 Revised Budget	2017/18 Outturn	2017/18 Variance
	£'000	£'000	£'000	£'000	£'000
EXPENDITURE					
Resources	9,098	-1,071	8,027	8,127	100
Education, Community & Economy	15,439	-6,002	9,437	8,647	-790
Health & Social Care	294	-124	170	170	0
Council Transformation	85	-43	42	39	-3
Total Approved Expenditure	24,916	-7,240	17,676	16,984	-693
FUNDING					
Government Grants	10,264	-509	9,755	9,755	0
Government Grants - Others	519	-73	446	446	0
Transfer to Capital Fund	1,250	-1,568	-318	-318	0
Receipts from Sales	-1,250	1,614	364	364	0
Developer Contributions	1,857	-103	1,754	1,754	0
Other Contributions	4,996	-3,959	1,037	1,105	68
Total Available Funding	17,636	-4,598	13,038	13,106	68
Approved Borrowing Required	7,280	-2,642	4,638	3,878	-761

2.5 Capital Fund

The Capital Fund at the start of the financial year was £16.707 million. Capital Receipts of £0.364 million were received in the year, of which £0.318 million have been transferred to the Capital Fund. In addition,

the remaining unapplied balance of £2.437 million of the insurance receipt for the old Hopefield Primary School has been transferred to the Capital Fund. The non-earmarked balance on the Capital Fund as at 31 March 2018 is £5.025 million and is shown in the table below.

Item	Amount £000's
Balance at 01 April 2017	16,707
Capital Receipts transferred in year	318
Insurance Receipt transferred in year	2,437
Balance at 31 March 2018	19,462
Earmarked to fund Hopefield Primary	-2,437
Earmarked to fund City Deal Projects	-12,000
Non-earmarked balance at 31 March 2018	5,025

3 Capital Plan Update 2018/19 to 2021/22

3.1 Approved Projects

Since the previous report to Council on 13 February 2018, the following projects have received approval by Council for inclusion in the General Services Capital Plan.

Council 27 March 2018

- **Danderhall Primary School & hub:-** Revision to accommodation schedule previously approved by Council on 7 February 2017, including a revised community footprint and Early Years provision. Increase in expenditure budget of £1.817 million, reduction in estimated developer contributions of £0.287 million and application of Early Years Capital Grant of £1.131 million. Net increase in borrowing requirement of £0.973 million;
- **Penicuik THI:-** Package of transport improvement works within Penicuik. £0.460 million expenditure budget to be fully funded by already collected developer contributions.

Approved under delegated authority

- **Salt Dome:-** Repair and renewal works at existing Salt Dome. Given the urgency of works expenditure was approved under delegated authority by the Chief Executive on 21 May 2018 and subsequently endorsed by Capital Plan and Asset Management Board on 29 May 2018. Capital Expenditure budget of £0.065 million in 2018/19 to be funded by prudential borrowing;

3.2 Projects Presented for Approval

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

- **Civica Automation Report:** Development and automation of existing routine manual processes. Approved at Capital Plan & Asset Management Board on 17 April 2018 for recommendation to

Council. Capital expenditure budget of £0.020 million in 2018/19 to be funded by prudential borrowing;

- **Finance & ISS Transactions:-** modernization of transactional processed across the Council to make them as efficient as possible. Approved by Finance & ISS Board on 23 April 2018. Capital expenditure budget of £0.058 million in 2018/19 funded by prudential borrowing;
- **Arniston Park synthetic pitch:-** Resurfacing of astro-pitch within Arniston Park. Approved by Capital Plan and Asset Management Board on 29 May 2018. £0.045 million Council contribution to overall project costs, funded by developer contributions;
- **Mayfield Town Centre Regeneration:-** Development of Town Centre regeneration proposals, involving community participation working alongside Mayfield In It Together. Approved by Capital Plan and Asset Management Board on 29 May 2018. £0.080 million expenditure budget, funded by £0.040 million from Borders Rail Blueprint fund and £0.040 million developer contributions;

3.3 Projects presented at today's Council meeting for approval

The following projects are being presented to Council on today's agenda for approval in the General Services Capital Plan:-

- **Cuiken & Sacred Heart Primaries:-** Extension to Cuiken Primary and refurbishment/extension to Sacred Heart primary as reported to Council elsewhere on today's agenda. Expenditure budget of £6.184 million, part funded by developer contributions of £3.058 million and Early Years Capital Grant funding of £0.714 million, with remainder (£2.412 million) funded by prudential borrowing;
- **Gorebridge Connected:** Update to overall expenditure and funding package. Approved by Capital Plan and Asset Management Board on 9 May 2018 and reported to Council elsewhere on today's agenda. Revised expenditure budget of £1.663 million, funded by external grants of £1.368 million, developer contributions of £0.170 million and £0.125 million from the current earmarked £0.250 million 'Borders Rail – Economic Development Projects' budget within the General Services Capital Plan.

3.4 Updated General Services Capital plan 2017/18 to 2021/22

The inclusion of these projects, if approved by Council today, along with the impact of the expenditure and funding outturn position for 2017/18, will revise the overall levels of expenditure, funding and borrowing required over the period 2017/18 to 2021/22 as shown in the table below.

GENERAL SERVICES CAPITAL PLAN 2017/18 to 2021/22	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	Total Budget £'000
EXPENDITURE						
Resources	8,127	13,032	13,519	18,351	12,116	65,145
Education, Community & Economy	8,647	27,584	16,443	7,814	1,339	61,828
Health & Social Care	170	1,118	447	150	203	2,088
Council Transformation	39	3,920	5,923	2,100	0	11,982
Total Approved Expenditure	16,984	45,655	36,332	28,415	13,657	141,043
FUNDING						
Government Grants	9,755	12,706	11,950	9,862	9,929	54,203
Government Grants - Others	446	1,886	0	0	0	2,332
Receipts from Sales transferred to Capital Fund	364	6,879	10,305	0	0	17,548
Transfer from Capital Fund to Capital Plan	-318	-2,979	-4,305	2,100	0	-5,502
Developer Contributions	1,754	4,534	2,986	3,511	1,583	14,368
Other Contributions	1,105	8,191	0	0	0	9,296
Total Available Funding	13,106	31,217	20,936	15,473	11,513	92,245
Approved Borrowing Required	3,878	14,438	15,395	12,942	2,145	48,798

4 Report Implications

4.1 Resource

The 2017/18 borrowing requirement has reduced from £7.279 million to £3.878 million, with the resultant impact on loan charges reported in the Financial Outturn 2017/18 – General Fund Revenue report presented elsewhere on today's agenda.

The reduction in borrowing in 2017/18 is largely due to rephasing of a number of projects, with expenditure subsequently carried forward / rephased into 2018/19. As such, any saving in loan charges in 2017/18 will largely be unwound in 2018/19 and 2019/20, once the capital expenditure relating to these projects is incurred.

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.

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 Outcomes

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:-

1. Note the General Services Capital Plan outturn position for 2017/18.
2. Approve the additions to the General Services Capital Plan as set out in sections 3.2 and 3.3.

Date: 23 May 2018

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Background Papers:

Appendix 1: General Services Capital Plan 2017/18 Expenditure Outturn

	2017/18	2017/18	2017/18	2017/18	2017/18
GENERAL SERVICES CAPITAL PLAN	Budget	Carry	Revised		
2017/18 OUTTURN	£000's	£000's	£000's	Outturn	Variance
				£000's	£000's
RESOURCES					
Customer Services					
Front Office - Device & Interactive Asset Upgrades	206	-60	266	266	0
Back Office - Anti Virus Upgrades	51	-34	85	85	0
Back Office - Server Replacement	0	0	0	13	13
Network Enterprise - Network Assets (Power & Data)	100	66	34	34	0
IGS - Compliance - Data Encryption	0	-5	5	5	0
IGS - Compliance - PCI	39	39	0	0	0
Service Desk - ITMIS Service Improvement	42	38	4	4	0
Committee Management System	3	3	0	0	0
Paperless Meetings	10	10	0	0	0
Business Application Upgrades inc. mobile working	50	38	12	12	0
Interactive White Board Replacement	385	14	371	371	0
SWAN Programme	475	31	444	444	0
New GoreGlen & Bilston Digital Assets	0	0	0	0	0
Newbattle Centre for Excellence in Digital Industries	297	70	227	227	0
Commercial Operations					
Street Lighting Upgrades	800	12	788	788	0
Footway & Footpath Network Upgrades	265	-251	516	516	0
Road Upgrades	1,060	-31	1,091	1,091	0
Millerhill Access Road / Site Services	0	0	0	2	2
Cycling, Walking & Safer Streets Projects	79	0	79	134	55
Footpath Lighting: Bonnyrigg Bypass to Gorton Road	83	0	83	66	-16
B6482 Newbattle/Easthouses Road Cycleway	54	0	54	83	29
A6094: Bonnyrigg Bypass Cycleway & Toucan Crossing / Route 196	49	0	49	49	0
Ironmills Park Steps	21	6	15	15	0
New recycling facility - Penicuik	0	-1	1	1	0
Vehicle & Plant Replacement Programme	2,043	598	1,445	1,445	0
Electric Vehicles - Powerpoint Installation	64	0	64	83	19
Grass Cutting Machinery	142	0	142	142	0
Geogrid - Barleyknowe Lane	43	40	3	3	0
Vogrie Car Parking Barriers	17	0	17	6	-11
King George V Park Outdoor Fitness Equipment	4	4	0	0	0
Gore Glen Bing	1	0	1	1	0
Easthouses Lily Stand	5	0	5	0	-5
Outdoor Play Equipment - Rosewell	32	32	0	0	0
Outdoor Play Equipment - Gorebridge	84	84	0	0	0
Westerhaugh Bridge	30	0	30	15	-15
Arniston Park Synthetic Pitch					
Property & Facilities					
Stobhill Depot Upgrade	100	100	0	0	0
New Depot: EWIM Phase III	188	-4	192	192	0
Straiton Bing Site Investigation	2	0	2	0	-2
Property Upgrades inc. Lighting/Lightning	1,438	121	1,317	1,317	0
Midlothian House 3rd Floor Reconfiguration	122	0	122	122	0
Purchase of 7 Eskdail Court, Dalkeith	288	29	259	259	0
Purchase of 49 Abbey Road, Dalkeith	215	12	203	203	0
Purchase of 31 Jamac Court, Dalkeith	1	0	1	3	2
Hillend Freestyle Jump Slope Upgrade	50	50	0	0	0
Purchase 9/11 White Hart Street	98	0	98	127	29
Leisure Management System (Legend)	102	98	4	4	0
TOTAL RESOURCES	9,098	1,071	8,027	8,127	100

	2017/18	2017/18	2017/18	2017/18	2017/18
GENERAL SERVICES CAPITAL PLAN		Carry	Revised		
2017/18 OUTTURN	Budget	Forward	Budget	Outturn	Variance
	£000's	£000's	£000's	£000's	£000's
EDUCATION, COMMUNITY AND ECONOMY					
Early Years					
Woodburn Family Learning Centre	0	0	0	-45	-46
Gorebridge Development Trust (EYG Funded)	115	0	115	115	0
Gorebridge Development Trust	91	91	0	0	0
Gorebridge Development Trust (EYG Funded)	66	49	17	17	0
Early Years Pilot - Mayfield Family Outreach Centre	13	0	13	0	-13
Primary					
New Bilston Primary	239	126	113	63	-50
New Gorebridge North Primary	236	186	50	0	-50
Newtongrange Primary Extension	0	0	0	24	24
Paradykes Primary Replacement	5,727	-256	5,983	5,883	-100
Roslin Primary Replacement	1,270	-109	1,378	1,178	-200
Former Hopefield Primary School	124	72	52	52	0
Inspiring Learning Spaces	98	35	63	63	0
New Danderhall Primary hub	10	-7	17	17	0
Cuiken & Sacred Heart Primaries - Design Team	116	14	102	102	0
Secondary					
Lasswade High School inc. 2nd MUGA	87	-274	361	61	-300
Newbattle High School Preparatory Works	406	113	293	293	0
Beeslack Community High School Pitch	17	0	17	-12	-29
General					
ParentPay	39	19	20	20	0
Bright Sparks	0	0	0	8	8
PPP1 Land Acquisition	27	0	27	0	-27
Saltergate Alterations Phase II	184	0	184	184	0
Saltergate Alterations Phase III - Internal Alterations	155	0	155	156	1
Saltergate Alterations Phase III - Playground Improvements	0	-2	2	2	0
Modular Units - Session 2017/18	1,678	1,656	22	22	0
Modular Units - Session 2018/19	73	73	0	0	0
Children and Families					
Planning & Development					
Environmental Improvements	104	66	38	38	0
East High Street Public Realm & Burns Monument	20	4	16	5	-11
Shawfair Town Centre Land Purchase	3,650	3,650	0	0	0
Track to Train	358	285	72	72	0
Gorebridge Connected	0	-20	20	20	0
A701 & A702 Works	532	226	306	306	0
TOTAL EDUCATION, COMMUNITY AND ECONOMY	15,439	6,002	9,437	8,647	-790
HEALTH AND SOCIAL CARE					
Adult & Social Care					
Assistive Technology	130	3	127	127	0
Travelling Peoples Site Upgrade	17	17	0	0	0
Homecare	80	55	25	25	0
Recovery Hub	0	-18	18	18	0
Customer & Housing Services					
Online Payments & Services	67	67	0	0	0
TOTAL HEALTH AND SOCIAL CARE	294	124	170	170	0
COUNCIL TRANSFORMATION					
Purchase to Pay	15	6	9	9	0
Online Housing Applications	27	0	27	24	-2
EWiM - Buccleuch House Ground Floor	33	33	0	0	0
Website Upgrade	10	5	5	5	0
TOTAL COUNCIL TRANSFORMATION	85	43	42	39	-3
GENERAL SERVICES CAPITAL PLAN TOTAL	24,916	7,240	17,676	16,984	-693