

General Services Capital Plan 2016/17**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 2016/17.

2. Background**2.1 2016/17 Budget**

The Quarter 1 monitoring position for the General Services Capital Plan for 2016/17 was presented to Council on 27 September 2016 and, after accounting for known rephasing of projects, budgeted for expenditure of £35.954 million and funding of £13.995 million, therefore giving a budgeted in-year borrowing requirement of £21.959 million.

2.2 Adjustments to 2016/17 BudgetExpenditure

The budgeted expenditure of £35.954 million, as reported at Quarter 1, has been adjusted as outlined in Tables 1, 2 and 3 below:-

Table 1: New Projects already approved

Project	Description of amendment to budget	Previous Budget £000's	Revised Budget £000's	Budget Movement £000's
Borders Rail – Economic Development Projects	Central budget for capital works associated with economic development of the Borders Rail line.	0	250	+250
Total		0	250	+250

Table 2: New Projects for approval

Project	Description of amendment to budget	Previous Budget £000's	Revised Budget £000's	Budget Movement £000's
Inspiring Learning Spaces	Improvements to Learning Spaces across 20 primary school. Fully funded by Scottish Futures Trust.	0	310	+310
Digital Services for GoreGlen & Bilston Primary Schools	Inclusion of Digital Services equipment and infrastructure for the new GoreGlen and Bilston Primary Schools	0	174	+174
Mayfield Park Amenities	New play area and improvements to the existing amenity of Mayfield Park. Part funded by the Central Scotland Green Network and the Suez Communities Trust	0	81	+81
Total		0	565	+565

Table 3: Rephasing of project budget

Project	Description of amendment to budget	Previous Budget £000's	Revised Budget £000's	Budget Movement £000's
Paradykes & Roslin Primary Schools	Acceleration of build from both contractors	11,743	11,974	+231
Vehicle & Plant Replacement Programme	Additional vehicles requiring replacement in 2016/17	1,492	1,512	+20
Homecare	The phasing of the project has been rebalanced, with the mobile element pushed forward to 2017-18	110	35	-75
Lasswade High School MUGA	Anticipated underspend against project budget	577	479	-98
Member's Environmental Improvements	Revised profile of spend based on in-year spend to date	280	140	-140
Bilston & GoreGlen Primary Schools	Revised cashflows for remainder of project life	8,276	8,104	-172
Other	Minor variances	2,458	2,527	+69
Total		24,936	24,771	-165

This therefore gives a revised budgeted expenditure of £36.605 million for 2016/17.

Funding

In line with this, the budgeted level of funding available to finance the plan has also been adjusted from the Q1 budgeted funding of £13.995 million to £13.898 million, to reflect:-

- An increase of £0.366 million in Other Contributions, reflecting the £0.310 million award from Scottish Government towards Inspiring Learning Spaces and the two £0.028 million contributions from Central Scotland Green Network and the Suez Communities Trust towards the Mayfield Park project.
- The rephasing of £0.462 million in Early Year's Childcare grant into 2017/18.

Borrowing

The budgeted level of borrowing reported at Quarter 1 was £21.959 million. Based on the rephased expenditure and funding levels outlined above, the rephased budgeted borrowing required has increased to £22.707 million.

2.3 Quarter 2 Projected Performance against Budget

Expenditure

Expenditure to 11 September 2016 is £11.480 million with a projected expenditure outturn of £36.669 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 4: Adjustment to expenditure budget of projects

Item	Description	Projected (Underspend)/ Overspend £000's
Waste Service Review Collection Vehicles	Additional costs due to price inflation on purchase costs	+64
Total		+64

It is therefore expected that there will be a net overspend against budget for the year of £0.064 million.

Funding

Funding received to 11 September 2016 is £3.359 million with a projected total funding available to finance the capital plan in 2016/17 of £13.898 million, in line with the rephased budget.

Borrowing

The rephased budgeted level of borrowing for 2016/17 was £22.707 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 £22.770 million, an increase of £0.064 million. The impact of this on the Council's borrowing costs is reflected in the Financial Monitoring 2016/17 – General Fund Revenue report elsewhere on today's agenda.

2.4 Overall Position 2016/17

Based on the above, the projected performance against budget for 2016/17 is shown in the table below:-

Item	2016/17 Budget At Q1 £000's	Rephased 2016/17 Budget At Q2 £000's	Actual To 11/09/16 £000's	2016/17 Projected Outturn £000's	2016/17 Variance £000's	2016/17 Carry Forward £000's
Expenditure	35,954	36,605	11,480	36,669	64	234
Funding	13,995	13,898	3,359	13,898	0	
Borrowing Required	21,960	22,707	8,121	22,770	64	

3. Capital Fund

The Capital Fund at the start of the 2016/17 financial year was £15,378 million. Capital Receipts of £7.318 million are forecast to be received in 2016/17 (£0.224 million to 11/09/2016), and will be transferred to the capital fund. This will increase the balance in the Capital Fund to £22.696 million. Council, on 27 September 2016, approved the medium to long-term strategy for the Capital Fund, specifically, to maintain the current arrangements for crediting all capital receipts for the disposal of assets to the Capital Fund, and for £12.000 million to be earmarked from the Capital Fund for the Edinburgh and South East Scotland City Region Deal.

4. Report Implications

4.1 Resource

The borrowing required to finance the planned investment in 2016/17 is projected to be £22.770 million. The loan charges associated with this borrowing are reported to Council in the Financial Monitoring 2016/17 – 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 2 monitoring position for 2016/17;
- b) Approve the following projects as outlined in Table 2 in Section 2.2 to be added to the General Services Capital Plan: (a) Inspiring Learning Spaces, (b) GoreGlen & Bilston Primary Schools Digital Services, and (c) Mayfield Park Amenities.

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Background Papers:

Appendix 1 – Detailed General Services Capital Plan Expenditure 2016/17

Appendix 1

Detailed General Services Capital Plan Expenditure 2016/17

	Rephased		2016/17 Actual	2016/17 Forecast	2016/17 Variance	2016/17 Carry
	2016/17 Budget	2016/17 Budget				
GENERAL SERVICES CAPITAL PLAN	Budget	Budget	Actual	Forecast	Variance	Carry
2016/17 Q2 MONITORING	Q1	Q2	to P6	Outturn Q2	Q2	Forward Q2
	£000's	£000's	£000's	£000's	£000's	£000's
RESOURCES						
Customer Services						
Front Office - Device & Interactive Asset Upgrades	481	481	163	481	0	0
Back Office - Anti Virus Upgrades	0	0	0	0	0	0
Back Office - Server Replacement	26	26	194	26	0	0
Back Office - UPS Devices	1	1	1	1	0	0
Network Enterprise - Network Connection	0	0	0	0	0	0
Network Enterprise - Network Assets (Power & Data)	157	157	8	157	0	0
IGS - Compliance - Data Encryption	0	0	0	0	0	0
IGS - Compliance - PCI	39	39	0	39	0	0
Disaster Recovery	0	0	0	0	0	0
Service Desk - ITMIS Service Improvement	150	150	32	150	0	0
Committee Management System	3	3	0	3	0	0
Paperless Meetings	16	16	0	16	0	0
Business Application Upgrades inc. mobile working	139	139	0	139	0	0
Interactive White Board Replacement	813	813	0	813	0	0
SWAN Programme	208	208	0	208	0	0
New GoreGlen & Bilston		174	0	174	0	0
Commercial Operations						
Street Lighting Upgrades	728	728	135	728	0	0
Street Lighting LED Upgrade (Salix Funded)	0	0	0	0	0	0
Footway & Footpath Network Upgrades	1,122	1,122	354	1,122	0	0
Road Upgrades	1,524	1,524	354	1,524	0	0
Millerhill Access Road / Site Services	0	0	-237	0	0	0
Zero Waste Capital Contribution	0	0	0	0	0	0
Cycling, Walking & Safer Streets Projects	189	189	79	189	0	0
Ironmills Park Steps	185	185	0	185	0	0
Emily Bing	13	13	0	13	0	0
New recycling facility - Penicuik	281	281	11	281	0	0
Waste Collection Vehicles	140	140	0	204	64	0
Food Waste Collection	0	0	0	0	0	0
Vehicle & Plant Replacement Programme	1,492	1,512	208	1,512	0	-20
Electric Vehicles - Powerpoint Installation	73	73	0	73	0	0
Install Geogrid - Barleyknowe Lane	68	68	17	68	0	0
Loanhead Memorial Park	5	5	3	5	0	0
20mph Limits	12	12	0	12	0	0
Vogrie Car Parking Barriers	33	33	0	33	0	0
Webcasting Council, Cabinet & Committee Meetings	0	0	0	0	0	0
Mayfield Park Amenities	0	81	0	81	0	0
Property & Facilities						
Stobhill Depot Upgrade	569	569	1	569	0	0
Stobhill Depot Replacement	1,631	1,631	0	1,631	0	0
Straiton Bing Site Investigation		70	0	70	0	-70
Property Upgrades inc. Lighting/Lightning	1,866	1,866	39	1,866	0	0
Purchase of 7 Eskdail Court, Dalkeith	285	285	0	285	0	0
Primary 1-3 Free School Meals	3	3	0	3	0	0
TOTAL RESOURCES	12,251	12,597	1,364	12,661	64	-90

	Rephased		Rephased			
	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17
	Budget	Budget	Actual	Forecast	Variance	Carry
EDUCATION, COMMUNITY AND ECONOMY	Q1	Q2	to P6	Outturn Q2	Q2	Forward Q2
Early Years	£000's	£000's	£000's	£000's	£000's	£000's
Woodburn Family Learning Centre	180	180	11	180	0	0
Gorebridge Development Trust (EYG Funded)	100	100	0	100	0	0
Gorebridge Development Trust	116	116	0	116	0	0
Gorebridge Development Trust (EYG Funded)	70	70	0	70	0	0
Further Early Years Provisions	0	0	0	0	0	0
Primary						
New Bilston Primary	3,573	3,459	2,976	3,459	0	114
New Gorebridge North Primary	4,703	4,645	4,205	4,645	0	58
Cornbank Primary Extension	19	19	0	19	0	0
St Andrews Primary Extension	-18	-18	0	-18	0	0
Newtongrange Primary Extension	20	20	0	20	0	0
Paradykes & Roslin Primaries Preparatory Works	436	436	183	436	0	0
Paradykes Primary Replacement	8,500	8,661	1,584	8,661	0	-161
Roslin Primary Replacement	3,243	3,313	867	3,313	0	-70
Former Hopefield Primary School	500	500	0	500	0	0
Inspiring Learning Spaces	0	310	0	310	0	0
Secondary						
Lasswade High School inc. 2nd MUGA	577	479	247	479	0	98
Newbattle High School Preparatory Works	395	395	5	395	0	0
Newbattle High School - Future Extension	0	0	0	0	0	0
General						
Online Payments for Schools	45	45	0	45	0	0
Bright Sparks	0	0	0	0	0	0
PPP1 Land Acquisition	27	27	0	27	0	0
Children and Families						
Planning & Development						
Environmental Improvements	280	140	22	140	0	140
Borders Rail - Economic Development Projects	0	250	0	250	0	0
Property Asset Management System	6	6	4	6	0	0
East High Street Public Realm & Burns Monument	120	120	1	120	0	0
TOTAL EDUCATION, COMMUNITY AND ECONOMY	22,892	23,273	10,104	23,273	0	179
HEALTH AND SOCIAL CARE						
Adult & Social Care						
Assistive Technology	355	355	26	355	0	0
Travelling Peoples Site Upgrade	17	17	0	17	0	0
Homecare	110	35	0	35	0	75
Customer & Housing Services						
TOTAL HEALTH AND SOCIAL CARE	482	407	26	407	0	75
COUNCIL TRANSFORMATION						
Purchase to Pay	21	21	0	21	0	0
EDRMS	0	0	0	0	0	0
EWiM	0	0	0	0	0	0
EWiM Phase 2	0	0	-97	0	0	0
Online Housing Applications	27	27	0	27	0	0
Corporate Telephony Services Upgrade	9	9	0	9	0	0
EWiM - Buccleuch House Ground Floor	33	33	0	33	0	0
Website Upgrade	239	239	83	239	0	0
City Deal	0	0	0	0	0	0
TOTAL COUNCIL TRANSFORMATION	328	328	-14	328	0	0
GENERAL SERVICES CAPITAL PLAN TOTAL	35,953	36,605	11,480	36,669	64	164