

## General Services Capital Plan 2015/16 to 2020/21

### 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 1 monitoring position for the General Services Capital Plan for 2015/16 was presented to Council on 22 September 2015 and, after accounting for known rephasing of projects, budgeted for expenditure of £23.572 million and funding of £16.581 million, therefore giving a budgeted in-year borrowing requirement of £6.991 million.

##### 2.2 Adjustments to 2015/16 Budget

###### Expenditure

The budgeted expenditure of £23.572 million, as reported at Quarter 1, has been adjusted as outlined in Tables 1, 2 and 3 below:-

*Table 1: New Projects*

Project	Description of amendment to budget	Previous Budget £000's	Revised Budget £000's	Budget Movement £000's
Stobhill Primary School Footpath	Footpath from existing Arniston Vale development into boundary of primary school	0	22	+22

\* Note that this project is fully financed from Developer Contributions.

*Table 2: Changes to overall project budgets*

Project	Description of amendment to budget	Previous Budget £000's	Revised Budget £000's	Budget Movement £000's
Woodburn Family Learning Centre	Inclusion of Digital Services requirements both externally (cabling/infrastructure) and internally (PC's/Laptops, etc)	280	327	+47

\* Note that this project is fully financed from the Scottish Government's Early Year's Funding.

Table 3: Rephasing of project budget

<b>Project</b>	<b>Description of amendment to budget</b>	<b>Previous Budget £000's</b>	<b>Revised Budget £000's</b>	<b>Budget Movement £000's</b>
Newbattle High School Preparatory Works	Ongoing costs as a result of delay to construction commencement	723	1,140	+417
Digital Services: Front Office – Device & Interactive Asset Upgrades	Asset replacement – acceleration of roll-out of PC's	150	375	+225
Digital Services: Back Office – Server Replacement	Asset replacement – acceleration of core server infrastructure	50	160	+110
Lasswade High School	Rephasing of MUGA works fully into 2016/17	394	202	-192
New Recycling Facility – Penicuik	Revised report to be presented to Council regarding options for requirement/ replacement/ refurbished facility	315	50	-265
Member's Environmental Improvements	Revised profile of spend based on in-year spend to date	560	280	-280
New Gorebridge North Primary	Rephasing of project start date / revised cashflow projections from contractor	3,402	2,972	-430
New Bilston Primary	Rephasing of project start date / revised cashflow projections from contractor	3,775	2,928	-847
Paradykes & Roslin Preparatory Works / Replacements	Rephasing of project start dates	3,168	1,667	-1,501
Other minor variances		75	133	+58
<b>Total</b>		<b>12,612</b>	<b>9,907</b>	<b>-2,705</b>

This therefore gives a revised budgeted expenditure of £20.936 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 Q1 budgeted funding of £16.581 million to £16.865 million, to reflect:-

- An increase of £0.526 million in Other Contributions, reflecting the award from Zero Waste Scotland towards financing of the capital costs associated with the Food Waste Collection roll-out;
- An increase of £0.128 million in Government Grants, reflecting:-
  - The additional £0.047 million utilisation of the Scottish Government's Early Year's Childcare Funding, to fund the additional costs of the Woodburn Family Learning Centre project; and
  - A reduction of £0.081 million in the level of General Capital Grant funding which had been earmarked to fund Public Sector Housing Grants and Contaminated Land;
- A reduction of £0.370 million in the application of developer contributions, reflecting the rephasing of expenditure in the plan.

## Borrowing

The budgeted level of borrowing reported at Quarter 1 was £6.991 million. Based on the rephased expenditure and funding levels outlined above, the rephased budgeted borrowing required has reduced to £4.071 million.

### **2.3 Quarter 2 Projected Performance against Budget**

#### Expenditure

Expenditure to 13 September 2015 is £2.941 million with a projected expenditure outturn of £20.380 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*

<b>Item</b>	<b>Description</b>	<b>Projected (Underspend)/ Overspend £000's</b>
<b>Cornbank, St. Andrew's &amp; Newtongrange Primary School Extensions</b>	Saving as a result of cost and area value engineering	-222
<b>Penicuik Care Home Hub</b>	Saving as a result of competitive tender price	-163
<b>Food Waste Collection</b>	Savings in costs of purchasing new vehicles, internal caddies and external caddies	-127
<b>Burnbrae Primary</b>	Saving as a result of competitive tender price	-44
<b>Total</b>		<b>-556</b>

It is therefore expected that there will be a net underspend against budget for the year of £0.556 million.

### Funding

Funding received to 13 September 2015 is £5.039 million with a projected total funding available to finance the capital plan in 2015/16 of £16.865 million, in line with the rephased budget.

### Borrowing

The rephased budgeted level of borrowing for 2015/16 was £4.071 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 £3.515 million, a reduction of £0.556 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:-

<b>Item</b>	<b>2015/16 Budget At Q1 £000's</b>	<b>Rephased 2015/16 Budget At Q2 £000's</b>	<b>Actual To 13/09/15 £000's</b>	<b>2015/16 Projected Outturn £000's</b>	<b>2015/16 Variance £000's</b>	<b>2015/16 Carry Forward £000's</b>
Expenditure	23,572	20,936	2,941	20,380	-556	2,635
Funding	16,581	16,865	5,039	16,865	0	
Borrowing Required	6,991	4,071	-2,099	3,515	-556	

## **3. Capital Fund**

The Capital Fund at the start of the 2015/16 financial year was £14.853 million. Capital Receipts of £4.198 million are forecast to be received in 2015/16 (£2.167 million to 13/09/15), and will be transferred to the capital fund. This will increase the balance in the Capital Fund to £19.051 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 £3.515 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 2 monitoring position for 2015/16;
- b) Approve the Stobhill Primary School Footpath project as outlined in Table 1 in Section 2.2 to be added to the General Services Capital Plan.

**Date 19 October 2015**

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**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
2014/15 to 2017/18	Budget	Actual	Projected	Variance	Carry
	Q2	to 13/9/15	Outturn		Forward
	£000's	£000's	£000's	£000's	£000's
<b>RESOURCES</b>					
<b>Finance &amp; Integrated Service Support</b>					
Front Office - Device & Interactive Asset Upgrades	375	258	375	0	-225
Back Office - Anti Virus Upgrades	0	0	0	0	0
Back Office - Server Replacement	160	41	160	0	-110
Back Office - UPS Devices	10	11	10	0	0
Network Enterprise - Network Internet Connection	0	0	0	0	0
Network Enterprise - Network Assets (Power & Data)	75	0	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	0	15	0	0
Paperless Meetings	16	0	16	0	0
Business Application Upgrades inc. mobile working	100	16	100	0	0
<b>Commercial Services</b>					
Street Lighting Upgrades	496	325	496	0	0
Street Lighting LED Upgrade (Salix Funded)	200	35	200	0	0
Footway & Footpath Network Upgrades	1,000		1,000	0	0
Road Upgrades	1,521	346	1,521	0	0
A6106 Lugton	30	30	30	0	0
Millerhill Access Road / Site Services	100	13	100	0	0
Beeslack High School Safer Routes to School	0	0	0	0	0
Cycling, Walking & Safer Streets Projects	127	-12	127	0	0
Ironmills Park Steps	28	0	28	0	0
Emily Bing	13	0	13	0	0
New recycling facility - Penicuik	50	0	50	0	265
Waste Collection Vehicles	338	0	338	0	0
Food Waste Collection	653	0	526	-127	0
Vehicle & Plant Replacement Programme	1,484	508	1,484	0	0
Install Geogrid - Barleyknowe Lane	102	0	102	0	0
Bonnyrigg Skate Park	4	0	4	0	0
Newtongrange Wheeled Sports park	39	0	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
<b>Property &amp; Facilities</b>					
Stobhill Depot Upgrade	0	0	0	0	0
Property Upgrades inc. Lighting/Lightning	1,576	137	1,576	0	0
Primary 1-3 Free School Meals	12	1	12	0	0
<b>TOTAL RESOURCES</b>	<b>8,831</b>	<b>1,727</b>	<b>8,704</b>	<b>-127</b>	<b>-70</b>

	Rephased				
	2015/16	2015/16	2015/16	2015/16	2015/16
	Budget	Actual	Projected	Variance	Carry
<b>EDUCATION, COMMUNITY AND ECONOMY</b>	Q2	to 13/9/15	Outturn		Forward
<b>Early Years</b>	£000's	£000's	£000's	£000's	£000's
Woodburn Family Learning Centre	327	0	327	0	-47
Further Early Years Provisions	0	0	0	0	0
<b>Primary</b>					
Burnbrae Primary	67	0	23	-44	0
New Bilston Primary	2,928	75	2,928	0	847
New Gorebridge North Primary	2,972	110	2,972	0	430
Rosewell Primary Extension	104	7	104	0	0
Cornbank Primary Extension	149	-5	24	-125	0
St Andrews Primary Extension	86	-13	5	-81	0
Newtongrange Primary Extension	46	1	30	-16	0
Paradykes & Roslin Primaries Preparatory Works	667	45	667	0	333
Paradykes Primary Replacement	500	0	500	0	868
Roslin Primary Replacement	500	0	500	0	300
Gorebridge Primary School Additional Classroom	12	10	12	0	0
Hopefield Primary School Demolition	0	164		0	0
Hawthornden Primary School Roof	6	6	6	0	0
Stobhill Primary School Footpath	22	22	22	0	0
<b>Secondary</b>					
Lasswade High School inc. 2nd MUGA	202	145	202	0	192
Newbattle High School Preparatory Works	1,140	188	1,140	0	-417
Newbattle High School - Future Extension	0	0	0	0	0
Saltersgate Alterations	159	0	159	0	0
<b>General</b>					
Online Payments for Schools	45	0	45	0	0
Bright Sparks	356	0	356	0	0
PPP1 Land Acquisition	27	0	27	0	0
<b>Children and Families</b>					
Eastfield Children's Unit	3	3	3	0	-3
Woodburn Children's Unit	0	0	0	0	0
<b>Planning &amp; Development</b>					
Environmental Improvements	280	35	280	0	280
Property Asset Management System	9	0	9	0	0
Dalkeith Town Centre (TCRF??)	1	1	1	0	0
<b>TOTAL EDUCATION, COMMUNITY AND ECONOMY</b>	<b>10,607</b>	<b>795</b>	<b>10,341</b>	<b>-266</b>	<b>2,783</b>
<b>HEALTH AND SOCIAL CARE</b>					
<b>Adult &amp; Social Care</b>					
Care Homes	1	1	1	0	-1
Penicuik Care Home Hub	196	23	33	-163	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	8	260	0	0
Travelling Peoples Site Upgrade	17	0	17	0	0
<b>Customer &amp; Housing Services</b>					
Libraries Cash Management System	-1	-1	-1	0	1
<b>TOTAL HEALTH AND SOCIAL CARE</b>	<b>473</b>	<b>32</b>	<b>310</b>	<b>-163</b>	<b>0</b>
<b>COUNCIL TRANSFORMATION</b>					
Purchase to Pay	32	8	32	0	0
Property Services Review	43	18	43	0	0
EDRMS	12	6	12	0	0
EWiM	125	125	125	0	-50
EWiM Phase 2	661	229	661	0	0
Online Housing Applications	27	0	27	0	0
Unallocated	125	0	125	0	0
<b>TOTAL COUNCIL TRANSFORMATION</b>	<b>1,025</b>	<b>387</b>	<b>1,025</b>	<b>0</b>	<b>-50</b>
<b>GENERAL SERVICES CAPITAL PLAN TOTAL</b>	<b>20,936</b>	<b>2,941</b>	<b>20,380</b>	<b>-556</b>	<b>2,663</b>