

General Services Capital Plan 2018/19**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 to incorporate new projects approved since the previous report to Council on 26 June 2018 and recommend further additions to the Capital Plan for approval (Section 2);
- Information on rephasing of project expenditure & funding in 2018/19 (Section 3.1); and
- Information on the projected performance against budget for 2018/19 (Section 3.2/3.3).

2 New Projects**2.1 Approved Projects**

Since the report to Council on 26 June 2018, the following projects have received approval by Council for inclusion in the General Services Capital Plan.

Council 26 June 2018

- **Highbank:** Construction of a purpose built intermediate care facility and the modernisation of an existing annexe building at the former Dundas Buildings site in Bonnyrigg, disposing of the existing Highbank site for residential development. Capital expenditure budget of £10.020 million phased across 2018/19 to 2021/22 to be funded by prudential borrowing;
- **EWiM Phase III Depot:-** Updated design of new depot. Capital expenditure budget of £9.894 million replacing the existing capital plan provision of £9.786 million (increase of £0.108 million). Reduction in the expected level of realised capital receipts of £0.810 million, giving a net increase in borrowing required of £0.918 million;
- **City Deal:-** Replace existing £11.780 million capital budget and £11.780 million funding from the Capital Fund, with £20.827 million to fund the A701/702 (excluding the junction) and £1.167 million for new Centres of Excellence, giving a total required budget of £21.994 million, to be funded by £10.900 million City Deal funding, £3.400 million developer contributions and £7.694 million from the Capital Fund;

2.2 Projects presented for approval

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

- **Penicuik THI:** Additional works to the public realm and road network within the town centre. Additional capital expenditure budget of £0.304 million (giving a revised overall capital expenditure budget of £0.764 million), funded by additional approved grant funding from Historic Environment Scotland/Heritage Lottery Fund of £0.204 million and £0.100 million from the existing 2018/19 Road Upgrades capital budget;
- **Salt Dome:** Additional repairs have been identified as being required totalling £0.010 million, to be funded by prudential borrowing;
- **Cashless Catering:-** Replacement of existing CRB catering till systems in Penicuik, Lasswade and Dalkeith Campus High Schools with new system allowing integration with ParentPay. Approved by Capital Plan and Asset Management Board on 29 May 2018. Capital expenditure budget of £0.050 million in 2018/19 to be funded by prudential borrowing;
- **Transport & Environmental Projects in the Penicuik Area:-**
 - Transfer £0.215 million budget currently within the A701/702 Works budget in the General Services Capital Plan to fund additional bus shelter provision on the A701 near Beeslack High School and the construction of paths in the Cuiken area to promote walking and cycling. Approved by Capital Plan and Asset Management Board on 31 July 2018. Fully funded by developer contributions;
 - Construction of paths in the Mauricewood area to promote cycling and walking. Approved by Capital Plan and Asset Management Board on 31 July 2018. Capital expenditure budget of £0.065 million fully funded by developer contributions;

3 2018/19 Budget

The General Services Capital Plan presented to Council on 26 June 2018 allowed, after accounting for carry forwards and backs from 2017/18 to/from 2018/19, for a 2018/19 expenditure budget of £46.001 million, a 2018/19 funding budget of £31.788 million and a 2018/19 borrowing requirement of £14.213 million.

Accounting for the projects included in Section 2 above revises the 2018/19 expenditure budget to £47.484 million, the 2018/19 funding budget to £27.460 and a 2018/19 borrowing requirement of £20.024 million.

3.1 Adjustments to 2018/19 Budget

Income and expenditure profiles have subsequently been rephased to reflect the most recent information available. This revises the 2018/19 expenditure budget to £35.816 million.

Material rephasing of project budgets are shown in Table 1 below:-

Table 1: Rephasing of project expenditure budgets

Project	Description of amendment to budget	Previous Budget £000's	Revised Budget £000's	Budget Movement £000's
Hopefield Primary	Rephased commencement of design process of new building whilst accommodation schedule was developed	5,961	750	-5,211
Danderhall Primary	Rephased commencement of design process of new building whilst accommodation schedule was developed	3,678	750	-2,928
Vehicle & Plant Replacement Programme	One-year deferral of purchase of new vehicles in 2018/19. Expenditure in 2018/19 of £0.621 million reflects committed orders prior to approval of deferral	2,471	621	-1,850
Paradykes & Roslin Primary Schools	Year-end defect period yet to commence.	2,039	1,100	-939
Gorebridge Connected	Additional work required to reach agreement on the station lease with Network Rail and agreeing the station design with the Trust.	1,520	908	-612
Participatory Budgets	No projects identified to date	360	100	-260
Assistive Technology	Delay in roll out other than essential cases, prior to full roll out of digital telephone network	410	205	-205
Bilston & Gore Glen Primaries	Contractors are working through year end defect period which is yet to be completed	312	140	-172
Other	Minor variances	2,650	2,588	-62
Total		19,401	7,162	-12,239

Funding

In line with this, the budgeted level of funding available to finance the plan has also been adjusted from £27.460 million to £23.375 million.

Borrowing

Based on the rephased expenditure and funding levels outlined above, the rephased budgeted borrowing required has decreased from £20.024 million to £12.441 million.

3.2 Quarter 1 Projected Performance against Rephased Budget

Expenditure

Expenditure to 24 June 2018 is £1.780 million with a projected expenditure outturn for 2018/19 of £35.826 million, £0.010 million more than the rephased budget. At this stage it is anticipated that budgets for the projects detailed in Appendix 1 will be fully spent in the current year other than:-

- **Salt Dome:** £0.010 million overspend as a result of the requirement for additional timber and protection panels and the replacement of the roof fan and louvre doors.

Funding

Funding received to 24 June 2018 is £3.689 million with a projected total funding available to finance the capital plan in 2018/19 of £23.375 million, in line with the rephased budget.

Borrowing

The rephased budgeted level of borrowing for 2018/19 was £12.441 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 £12.451 million. The impact of this on the Council's borrowing costs is reflected in the Financial Monitoring 2018/19 – General Fund Revenue report elsewhere on today's agenda.

3.3 Overall Position 2018/19

Based on the above, the projected performance against budget for 2017/18 is shown in the table below:-

Item	2018/19 Original Budget £000's	Rephased 2018/19 Budget At Q1 £000's	Actual To 24/06/18 £000's	2018/19 Projected Outturn £000's	2018/19 Variance £000's	2018/19 Carry Forward £000's
Expenditure	48,055	35,816	1,889	35,826	10	12,239
Funding	27,460	23,028	3,689	23,028	0	4,559
Borrowing Required	20,024	12,441	-1,800	12,451	0	

4. Capital Fund

The capital fund balance at 31 March 2018 was £19.462 million, with a projected balance at 31 March 2019 of £22.415 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), leaving a non-earmarked projected balance of £13.034 million at 31 March 2019.

Utilisation of the remaining balance of the Capital Fund will be discussed in the Capital Strategy seminar planned for Tuesday 18th September.

5. Report Implications

5.1 Resource

The borrowing required to finance the planned investment in 2018/19 is projected to be £12.451 million. The loan charges associated with this borrowing are reported to Council in the '*Financial Monitoring 2018/19 – General Fund Revenue*' report presented elsewhere on today's agenda.

5.2 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.

5.3 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

5.4 Impact on Performance and Outcome

There are no issues arising directly from this report.

5.5 Adopting a Preventative Approach

There are no issues arising directly from this report

5.6 Involving Communities and Other Stakeholders

No external consultation has taken place on this report.

5.7 Ensuring Equalities

There are no equalities issues arising directly from this report.

5.8 Supporting Sustainable Development

There are no sustainability issues arising directly from this report.

5.9 IT Issues

There are no IT implications arising from this report.

6 Recommendations

Council is asked to:

1. Approve the following projects as outlined in Section 2.2 to be added to the General Services Capital Plan:
 - a) Penicuik THI (adjustment to project budget);
 - b) Salt Dome (adjustment to project budget);
 - c) Cashless Catering; and
 - d) Transport & Environmental Projects in the Penicuik Area
2. Note the General Services Capital Plan Quarter 1 monitoring position for 2018/19.

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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 2018/19

Appendix 1

Detailed General Services Capital Plan Expenditure 2018/19

	2018/19	Rephased	2018/19	2018/19	2018/19	2018/19
GENERAL SERVICES CAPITAL PLAN	Budget	Budget	Actual	Forecast	Variance	Carry
Q1 MONITORING	Initial	Q1	to P3	Outturn Q1	Q1	Forward Q1
	£'000	£000's	£000's	£000's	£000's	£000's
RESOURCES						
Customer Services						
Front Office - Device & Interactive Asset Upgrades	188	188	14	188	0	0
Back Office - Anti Virus Upgrades	0	0	0	0	0	0
Back Office - Server Replacement	0	0	179	0	0	0
Network Enterprise - Network Connection	0	0	0	0	0	0
Network Enterprise - Network Assets (Power & Data)	192	192	0	192	0	0
IGS - Compliance - Data Encryption	10	10	4	10	0	0
IGS - Compliance - PCI	39	39	0	39	0	0
Disaster Recovery	0	0	0	0	0	0
Service Desk - ITMIS Service Improvement	76	76	0	76	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	127	127	-2	127	0	0
Interactive White Board Replacement	104	104	22	104	0	0
SWAN Programme	72	72	14	72	0	0
New GoreGlen & Bilston Digital Assets	67	67	0	67	0	0
Newbattle Centre for Excellence in Digital Industries	373	373	175	373	0	0
Digital Services Asset Management Plan	1,645	1,645	0	1,645	0	0
Civica Automation	13	13	14	13	0	0
Finance & ISS Transactions	38	38	0	38	0	0
Commercial Operations						
Street Lighting Upgrades	973	973	35	973	0	0
Footway & Footpath Network Upgrades	302	302	9	302	0	0
Road Upgrades	1,785	1,785	21	1,785	0	0
Millerhill Access Road / Site Services	0	0	6	0	0	0
Zero Waste Capital Contribution	0	0	0	0	0	0
Cycling, Walking & Safer Streets Projects	108	108	0	108	0	0
Footpath Lighting: Bonnyrigg Bypass to Gorton Road	44	44	0	44	0	0
B6482 Newbattle/Easthouses Road Cycleway	29	29	0	29	0	0
A6094: Bonnyrigg Bypass Cycleway & Toucan Crossi	26	26	0	26	0	0
Ironmills Park Steps	6	6	-5	6	0	0
New recycling facility - Penicuik	243	243	0	243	0	0
Vehicle & Plant Replacement Programme	2,471	621	465	621	0	1,850
Electric Vehicles - Powerpoint Installation	0	0	-17	0	0	0
Geogrid - Barleyknowe Lane	40	40	0	40	0	0
King George V Park Outdoor Fitness Equipment	4	4	0	4	0	0
Outdoor Play Equipment - Rosewell	49	49	0	49	0	0
Outdoor Play Equipment - Gorebridge	129	129	0	129	0	0
Arniston Park Synthetic Pitch	29	29	0	29	0	0
Property & Facilities						
Stobhill Depot Upgrade	568	568	0	568	0	0
New Depot: EWiM Phase III	2,607	2,607	53	2,607	0	0
Property Upgrades inc. Lighting/Lightning	1,406	1,406	183	1,406	0	0
Midlothian House 3rd Floor Reconfiguration	0	0	0	0	0	0
Purchase of 7 Eskdail Court, Dalkeith	29	29	1	29	0	0
Purchase of 49 Abbey Road, Dalkeith	12	12	0	12	0	0
Hillend Freestyle Jump Slope Upgrade	208	208	0	208	0	0
Leisure Management System (Legend)	161	161	11	161	0	0
Cashless Catering	50	50	0	50	0	0
Salt Dome	42	65	0	75	10	-23
TOTAL RESOURCES	14,286	12,459	1,184	12,469	10	1,827

	2018/19	Rephased	2018/19	2018/19	2018/19	2018/19
	Budget	Budget	Actual	Forecast	Variance	Carry
EDUCATION, COMMUNITY AND ECONOMY	Initial	Q1	to P3	Outturn Q1	Q1	Forward Q1
Early Years	£'000	£000's	£000's	£000's	£000's	£000's
Gorebridge Development Trust	116	116	0	116	0	0
Gorebridge Development Trust (EYG Funded)	38	38	0	38	0	0
Primary						
New Bilston Primary	126	40	0	40	0	86
New Gorebridge North Primary	186	100	0	100	0	86
Paradykes & Roslin Primaries Preparatory Works	0	0	63	0	0	0
Paradykes Primary Replacement	1,366	700		700	0	666
Roslin Primary Replacement	673	400		400	0	273
Former Hopefield Primary School	5,961	750	102	750	0	5,211
Inspiring Learning Spaces	35	35	0	35	0	0
New Danderhall Primary hub	3,678	750	4	750	0	2,928
Cuiken & Sacred Heart Primaries - Design Team	0	0	2	0	0	0
Cuiken Primary School Extension	1,009	1,009	0	1,009	0	0
Sacred Heart Primary School Extension	2,019	2,019	0	2,019	0	0
Secondary						
Lasswade High School inc. 2nd MUGA	228	228	0	228	0	0
Newbattle High School Preparatory Works	726	726	150	726	0	0
Newbattle High School - Future Extension	0	0	0	0	0	0
Beeslack Community High School Pitch	0	0	-13	0	0	0
General						
ParentPay	58	58	11	58	0	0
Saltersgate Alterations Phase III - Playground Improve	261	261	0	261	0	0
Modular Units - Session 2017/18	2,559	2,475	0	2,475	0	84
Modular Units - Session 2018/19	774	774	0	774	0	0
Children and Families						
Planning & Development						
Members Environmental Improvements	380	380	0	380	0	0
Public Sector Housing Grants	385	385	101	385	0	0
Contaminated Land	186	186	8	186	0	0
Borders Rail - Economic Development Projects	125	125	0	125	0	0
Property Asset Management System	0	0	2	0	0	0
East High Street Public Realm & Burns Monument	4	4	0	4	0	0
Shawfair Town Centre Land Purchase	5,615	5,615	0	5,615	0	0
Track to Train	478	478	0	478	0	0
Gorebridge Connected	1,520	908	0	908	0	612
Penicuik THI	435	435	0	435	0	0
Mayfield Town Centre Regeneration	52	52	0	52	0	0
Mining Museum	0	0	0	0	0	0
Participatory Budgets	360	100	0	100	0	260
Transport & Environmental Projects in Penicuik	280	280	0	280	0	0
A701 & A702 Works	904	904	256	904	0	0
TOTAL EDUCATION, COMMUNITY AND ECONOMY	30,538	20,331	687	20,331	0	10,207
HEALTH AND SOCIAL CARE						
Adult & Social Care						
Assistive Technology	410	205	18	205	0	205
Travelling Peoples Site Upgrade	17	17	0	17	0	0
Homecare	55	55	0	55	0	0
Recovery Hub	533	533	0	533	0	0
Highbank Intermediate Care Reprovisioning	1,950	1,950	0	1,950	0	0
Customer & Housing Services						
Online Payments & Services	104	104	0	104	0	0
TOTAL HEALTH AND SOCIAL CARE	3,068	2,863	18	2,863	0	205
COUNCIL TRANSFORMATION						
Purchase to Pay	6	6	0	6	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	116	116	0	116	0	0
City Deal	0	0	0	0	0	0
TOTAL COUNCIL TRANSFORMATION	163	163	0.000	163	0	0
GENERAL SERVICES CAPITAL PLAN TOTAL	48,055	35,816	1,889	35,826	10	12,239