

General Services Capital Plan 2014/15 Final Outturn**Report by Gary Fairley, Head of Finance and Integrated Service Support****1 Purpose of Report**

This report presents the final outturn for 2014/15 on the General Services Capital Plan.

2 Background**2.1 Expenditure**

The previous 2014/15 General Services Capital Plan was approved by Council on 24 March 2015, with an expenditure budget of £16.245 million. After reflecting carry forwards due to expenditure slippage and multi-year projects as shown in Appendix 1, the final budget was £11.564 million. Material carry-forwards due to slippage are as follows:-

Project	Amount £000's
Digital Services Projects – Various	2,013
EWiM	735
Schools – Various	619
Vehicle & Plant Replacement Programmes	459
Others	855
Total	4,681

Actual expenditure in the year was £11.401 million, giving a net underspend of £0.163 million as detailed in Appendix 1. Material variances are as follows:-

- An underspend of £0.167 million on the New Burnbrae Primary School Project, as a result of the project being delivered at a competitive time in the market place;

2.2 Funding

The General Services Capital Plan approved by Council on 24 March 2015 budgeted for funding of £11.797 million. After adjusting for carry-forwards¹, the Plan budgeted for funding of £9.357 million, as shown in Section 2.4.

Actual funding was £9.988 million, £0.631m higher than budget, with the variances relating to:-

¹ Developer Contributions of £2.393 million were reprofiled, mirroring the reduction in spend on those projects for which developer contributions could be applied

- An increase in Scottish Government grant of £0.500 million reflecting the upfront grant contribution for the Newbattle Centre project;
- An increase of £0.131m in other contributions received, as a result of an additional funding from Sustrans for the Roslin-Loanhead Street Lighting Project.

2.3 Borrowing

The General Services Capital Plan approved by Council on 24 March 2015 budgeted for an in-year borrowing requirement to fund capital investment of £4.448 million.

After adjusting for carry forwards, the Plan budgeted for in-year borrowing of £2.207m.

Actual borrowing was £1.413 million. The reduction in borrowing compared with the Plan approved by Council on 24 March 2015 broadly reflects the net underspend for the year of £0.163 million as described in Section 2.1, and the additional funding of £0.631 million as noted in Section 2.2 above.

2.4 Summary

A summary of the final outturn position for 2014/15 is outlined in the table below.

GENERAL SERVICES CAPITAL PLAN	2014/15	2014/15	2014/15	2014/15	2014/15
2014/15	Budget	Carry Forward	Revised Budget	Outturn	Variance
	£'000	£'000	£'000	£'000	£'000
EXPENDITURE					
Resources	10,604	-2,843	7,761	7,775	14
Education, Community & Economy	4,202	-1,042	3,160	3,014	-146
Health & Social Care	167	-16	151	120	-31
Council Transformation	1,272	-780	492	492	0
Total Approved Expenditure	16,245	-4,681	11,564	11,401	-163
FUNDING					
Government Grants	8,207	0	8,207	8,707	500
Receipts from Sales	4,159	0	4,159	4,195	36
Transfer to Capital Fund	-4,159	0	-4,159	-4,195	-36
Developer Contributions	2,991	-2,393	598	598	0
Other Contributions	599	-47	552	683	131
Total Available Funding	11,797	-2,440	9,357	9,988	631
Approved Borrowing Required	4,448	-2,241	2,207	1,413	-794

2.5 Debt Outstanding

Council, on 4 February 2014, agreed to a maximum level of debt outstanding on the General Services Capital Plan. This was based on an outturn for 2013/14 of £114.000 million, with two exceptions:-

1. The increase in borrowing attributable to the Newbattle Centre Capital Contribution (£15.322 million net of £6.000 million contribution from the Capital Fund and £2.046m developer contributions). This therefore increased the overall cap on debt outstanding for the General Services Capital Plan from £114.000

million to £121.276 million. As can be noted from elsewhere on today's agenda, the Council can no longer inject Capital into the Newbattle Centre project in order to comply with the Scottish Government's revised proposals regarding ESA 10. The cap on debt outstanding therefore needs to be rebased to £114.000 million to reflect this.

2. Any projects that the Council were forward funding but which would ultimately be funded by developer contributions.

The projected level of debt outstanding, based on the expenditure and income assumptions outlined above, and net of any forward funded projects, is shown in the table below:-

	2014/15	2014/15	2014/15
	Budget	Outturn	Variance
	£'000	£'000	£'000
Debt Outstanding at 01 April	107,675	107,675	-0
Borrowing arising from Capital Plan	4,448	1,413	-3,035
Debt Repayments	-4,307	-4,194	113
Debt Outstanding at 31 March	107,816	104,894	-2,922
less: Net Capital Expenditure on Forward Funded projects			
Bilston Primary School	0	259	259
Gorebridge North Primary School	0	264	264
Debt Outstanding at 31 March exc. Forward Funded projects	107,816	104,371	-3,445
Agreed Cap	114,000	114,000	0
Headroom	6,184	9,629	3,445

As can be noted from the table above, the overall level of debt outstanding (net of forward funded projects) is projected to remain within the cap of £114.000 million set by Council, and officers will continue to review the appropriate level of cap which should be applied.

2.6 Capital Fund

The Capital Fund at the start of the financial year was £10.658 million. Capital Receipts of £4.195 million were received in the year, which have been transferred to the capital fund. This increases the balance in the Capital Fund to £14.853 million. Furthermore, the £6.000 million contribution to fund the capital injection at Newbattle is no longer required. The next Financial Strategy report to Council will therefore consider the timing and application of these funds.

3 Report Implications

3.1 Resource

The in-year borrowing requirement has reduced from £4.448 million to £1.413 million, with the resultant decrease in loan charges reported in the Financial Monitoring 2014/15 – General Fund Revenue report presented elsewhere on today's agenda.

This reduction in borrowing in 2014/15 will also reduce the principal repayments element of the loan charges in 2015/16, and this will be reported to Council in the next Financial Strategy report to Council.

The reduction in borrowing in 2014/15 is largely due to slippage on a number of projects, with expenditure subsequently carried forward / rephased into 2015/16. As such, the saving in loan charges in 2014/15 & 2015/16 will largely be unwound in 2015/16 and 2016/17, once the capital expenditure relating to these projects is incurred.

3.2 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.

3.3 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

3.4 Impact on Performance and Outcomes

There are no issues arising directly from this report.

3.5 Adopting a Preventative Approach

There are no issues arising directly from this report.

3.6 Involving Communities and Other Stakeholders

No external consultation has taken place on this report.

3.7 Ensuring Equalities

There are no equalities issues arising directly from this report.

3.8 Supporting Sustainable Development

There are no sustainability issues arising directly from this report.

3.9 IT Issues

There are no IT implications arising from this report.

4 Recommendations

Council is asked to:-

1. Note the General Services Capital Plan outturn position for 2014/15;
2. Approve the revised cap on debt outstanding of £114.000 million.

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Background Papers:

Appendix 1 – General Services Capital Plan 2013/14 Expenditure Outturn

Appendix 1

GENERAL SERVICES CAPITAL PLAN	2014/15	2014/15	2014/15	2014/15	2014/15
2014/15 to 2017/18	Budget	Carry Forward	Revised Budget	Outturn	Variance
	£'000	£'000	£'000	£'000	£'000
RESOURCES					
Customer Services					
Corporate IT Asset Upgrades	1,126	-908	218	218	0
Anti-Virus Upgrades	75	-75	0	0	0
Server Replacement	193	-144	49	49	0
Disaster Recovery	40	-40	0	0	0
Internet Connection	20	-20	0	0	0
New ITMIS - Service Improvement	150	-150	0	0	0
Cabling and Power - Midlothian House & Fairfield House	200	-200	0	0	0
IT Data Encryption	23	-23	0	0	0
IT PCI Compliance	39	-39	0	0	0
IT UPS Devices	40	-10	30	30	0
Midlothian Website Development	7	-6	1	1	0
IT Development	757	-398	359	359	0
Committee Management System	15	-15	0	0	0
Paperless Meetings	16	-16	0	0	0
Commercial Operations					
Street Lighting Upgrades	969	377	1,346	1,346	0
Street Lighting LED Upgrade (Salix Funded)	255	0	255	255	0
Road Upgrades	1,000	-21	979	979	0
A6106 Lugton	348	-30	318	281	-37
Millerhill Access Road / Site Services	705	-128	577	577	0
Beeslack High School Safer Routes to School	55	0	55	63	8
Cycling, Walking & Safer Streets Projects	304	0	304	361	57
Ironmills Park Steps	49	-48	1	1	0
New recycling facility - Penicuik	15	-15	0	0	0
DDA Works	0	0	0	1	1
Waste Collection Vehicles	1,150	-102	1,048	1,048	0
Vehicle & Plant Replacement Programme	1,476	-357	1,119	1,119	0
Bonnyrigg Skate Park	165	-4	161	161	0
Newtongrange Wheeled Sports park	77	-39	38	38	0
Loanhead Memorial Park	147	-60	87	87	0
Riverside Park	140	-26	114	114	0
20mph Limits	10	-10	0	0	0
Property & Facilities			0		
Business Application Upgrades	122	-82	40	40	0
Snowsports Centre	0	0	0	-15	-15
Property Upgrades inc. Lighting/Lightning	816	-242	574	574	0
Primary 1-3 Free School Meals	100	-12	88	88	0
TOTAL RESOURCES	10,604	-2,843	7,761	7,775	14

GENERAL SERVICES CAPITAL PLAN	2014/15	2014/15	2014/15	2014/15	2014/15
	Budget	Carry Forward	Revised Budget	Outturn	Variance
2014/15 to 2017/18	£'000	£'000	£'000	£'000	£'000
EDUCATION, COMMUNITY AND ECONOMY					
Primary					
Burnbrae	241	-67	174	7	-167
New Bilston	329	-70	259	259	0
New Gorebridge North	357	-93	264	264	0
Rosewell Extension	129	-112	17	17	0
St Andrews Extension	456	15	471	471	0
Cornbank Extension	377	-51	326	326	0
Newtongrange Extension	233	-31	202	202	0
Paradykes Roof	5	0	5	3	-2
Kings Park PS Classroom conversion	11	0	11	3	-8
Lasswade PS Roof	0	16	16	16	0
Newtongrange Playground	18	0	18	0	-18
Paradykes Preparatory Works	10	2	12	12	0
Secondary					
Lasswade High School inc. 2nd MUGA	712	-75	637	637	0
Newbattle High School Preparatory Works	710	-135	575	575	0
General					
Online Payments for Schools	45	-45	0	0	0
Children and Families					
Eastfield Children's Unit	0	0	0	4	4
Woodburn Children's Unit	0	0	0	1	1
Customer & Housing Services					
Libraries & Cash Management System	0	0	0	44	44
Planning & Development					
Environmental Improvements	568	-395	173	173	0
Property Asset Management System	0	0	0	0	0
Dalkeith Town Centre	1	-1	0	0	0
Install Geogrid - Barleyknowe Lane	0	0	0	0	0
TOTAL EDUCATION, COMMUNITY AND ECONOMY	4,202	-1,042	3,160	3,014	-146
HEALTH AND SOCIAL CARE					
Penicuik Care Home Hub	40	0	40	7	-33
Penicuik Care Home Hub - Fit Out	3	0	3	3	0
Highbank Old People's Home - Mechanical Sluices	0	0	0	2	2
Assistive Technology	115	-7	108	108	0
Travelling Peoples Site Upgrade	9	-9	0	0	0
TOTAL HEALTH AND SOCIAL CARE	167	-16	151	120	-31
COUNCIL TRANSFORMATION					
Purchase to Pay	65	-33	32	32	0
EDRMS	90	-12	78	78	0
EWiM	85	-75	10	10	0
EWiM Phase 2	1,032	-660	372	372	0
TOTAL COUNCIL TRANSFORMATION	1,272	-780	492	492	0
GENERAL SERVICES CAPITAL PLAN TOTAL	16,245	-4,681	11,564	11,401	-163