

General Services Capital Plan – 2021/22 Quarter 1 Monitoring

Report by Gary Fairley, Chief Officer Corporate Solutions

Report for Noting

1 Recommendations

It is recommended that the Council:-

1. Note the adjustment to the project expenditure budgets in the General Services Capital Plan as set out in Section 3.1.

2. Purpose of Report

The purpose of this report is to provide Council with:-

- An update of the General Services Capital Plan incorporating information on further additions to the Capital Plan for approval (Section 3);
- Information on the projected performance against budget for 2021/22 (Section 4);
- Update on the Capital Fund (Section 5).

Date 5 August 2021

Report Contact:

Gary Thomson, Senior Accountant

gary.thomson@midlothian.gov.uk

3 Update of General Services Capital Plan

3.1 Adjustments to existing project budgets

The following adjustments to existing project expenditure and income budgets are included in the General Services Capital Plan:-

- **Destination Hillend:** to reflect the decision of Council on 29 June 2021.

4 2021/22 Projection against budget

4.1 2021/22 Budget

After accounting for the following:-

- Rephasing of budgets from 2020/21 to 2021/22, and new projects added to the plan, both as reported to Council on 29 June 2021;
- Including the new projects & adjustments to project budgets as outlined in Section 3;
- Rephasing of budgets based on the latest information available from project managers as noted in Table 1 below

the capital plan expenditure budget for 2021/22 is £46.944 million.

Table 1: Rephasing of project expenditure budgets

Project	Description of rephasing of budget	Previous 2021/22 Budget £000's	Revised 2021/22 Budget £000's	2021/22 Budget Rephasing £000's
Equipped for Learning	Acceleration of equipment purchases to meet the Council's ambitious plans to provide every child of school age with a digital device along with the associated infrastructure	2,500	3,500	+1,000
Property Upgrades	Acceleration of overall property upgrades compared to previous rephasing/planning assumption, including completion of work to Fairfield House Roof and Bonnyrigg & Stobhill Depots	936	1,228	+292
Lasswade High School – Additional Capacity to 1,600 pupils	Work to upgrade toilets expected to be complete by end of Summer 2021; however further work is required to assess appropriate routes and capacities for service connections for changing units	521	200	-321
Mauricewood Primary School Refurbishment & Extension	Ongoing discussions regarding scope of extension and level of refurbishment have resulted in delay to planned progress	875	50	-825
Others	Other variances	1,933	1,853	-80
Total		6,765	6,831	+66

In line with this, the expected level of funding available to finance the plan has also been rephased and totals £23.953 million.

This results in an in-year borrowing requirement of £22.991 million.

The projected performance against budget for 2021/22 is shown in table 2 below:-

Table 2: General Services Capital Plan Projected Performance against Budget 2021/22 – as at Quarter 1

Item	2021/22 Rephased Budget £000's	Actual To 20.06.21 £000's	2021/22 Projected Outturn £000's	2021/22 Variance £000's	2021/22 Carry Forward £000's
Expenditure	46,944	1,873	47,049	+105	-67
Funding	23,953	1,303	23,953	0	1,196
Borrowing Required	22,991	570	23,096	+105	

4.2 Expenditure

Expenditure to 20 June 2021 is £1.873 million with a projected expenditure outturn of £47.049 million, an overspend of £0.105 million against the revised budget of £46.944 million.

At this stage it is anticipated that budgets for the projects detailed in Appendix 2 will be fully spent in the current year other than for the following:-

- **Residential House for 5-12 year olds:** Forecast overspend of £0.067 million as a result of higher than budgeted purchase price inclusive of Land & Buildings Transaction Tax;
- **Woodburn Primary School Modular Unit Relocation:** Forecast overspend of £0.038 million due to increased costs of service connections.

4.3 Funding

The funding available to finance the Capital Plan in 2021/22 is expected to total £23.953 million. Funding of £1.303 million has been received to 20 June 2021.

4.4 Borrowing

The budgeted level of borrowing for 2021/22 is £22.991 million. Based on the forecast expenditure and funding levels as noted above, the revised estimate of the level of borrowing required for 2021/22 is forecast to be £23.096 million, £0.105 million more than budgeted. The impact on the Council's borrowing costs is reflected in the Financial Monitoring 2021/22 General Fund Revenue report elsewhere on today's agenda.

5 Capital Fund

The Capital Fund at the start of the 2021/22 financial year was £24.158 million. £7.694 million of this is committed to fund the City Deal, with a further £14.061 million committed to support capital investment including the utilisation of £2.000 million in 2021/22.

The forecast non-committed capital fund balance at 31 March 2021 is £1.869 million, as shown in the table below.

Item	Amount £000's
Balance at 01 April 2021	24,157
Committed to fund City Deal Project	-7,694
Committed to support Capital Investment ¹	-14,061
Developer Contributions earmarked for specific purposes	-533
Non-committed balance at 31 March 2022	1,869

6. Report Implications

6.1 Resource

The borrowing required to finance the planned investment in 2021/22 is reflected in the Financial Monitoring 2021/22 – General Fund Revenue report elsewhere on today's agenda.

6.2 Digital

There are no Digital Services implications arising from this report.

6.3 Risk

The impact of Covid-19 and the restriction measures introduced by government in 2020/21 and 2021/22 to date have been reflected in the rephasing assumptions in the plan as noted in this report. Any further restrictions introduced by the Scottish and UK Governments are highly likely to have an additional effect on the delivery programme for all projects within the plan.

These potentially exacerbate the inherent risk in the Capital Plan 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.

An additional risk is the timing of capital expenditure being delayed and the failure to deliver new assets and infrastructure on time. The impact of Covid 19 to date, further restriction measures that may be brought in, and the post Brexit economic climate, further exacerbates this. The rephasing assumptions outlined in Section 5.1 have been included in the plan to reflect a more realistic assessment of the timing of capital

expenditure, based on historic evidence and the overlay and impact of Covid.

In developing the strategy and taking cognisance of the longer term affordability gap it is clear that a number of potential projects which are currently included will only be able to be progressed if they can be delivered on a spend to save basis (i.e. where income or cost savings more than offset the cost of funding the investment) or where they can be delivered on a cost neutral basis.

6.4 Ensuring Equalities

There are no equalities issues arising directly from this report.

6.5 Additional Report Implications

See Appendix A.

Appendix A: Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Not applicable.

A.2 Key Drivers for Change

A.3 Key Delivery Streams

Themes addressed in this report:

- ☐ One Council Working with you, for you
- ☒ Preventative and Sustainable
- ☐ Efficient and Modern
- ☐ Innovative and Ambitious
- ☐ None of the above

A.4 Delivering Best Value

The report does not directly impact on Delivering Best Value.

A.5 Involving Communities and Other Stakeholders

No external consultation has taken place on this report.

A.6 Impact on Performance and Outcome

There are no issues arising directly from this report.

A.7 Adopting a Preventative Approach

Not applicable.

A.8 Supporting Sustainable Development

Not applicable.

Background Papers:

Appendix 1 –General Services Capital Plan 2021/22 – Quarter 1 Monitoring

Appendix 1: General Services Capital Plan 2021/22 – Quarter 1 Monitoring

	2021/22	Rephased	2021/22	2021/22	2021/22	2021/22
	Budget	Budget	Actual	Forecast	Variance	2021/22
GENERAL SERVICES CAPITAL PLAN 2021/22	Initial	Q1	to P3	Outturn Q1	Q1	Carry
Q1 MONITORING	£'000	£000's	£000's	£000's	£000's	Forward Q1 £000's
PLACE DIRECTORATE						
Corporate Solutions						
Newbattle Centre of Excellence	324	324	4	324	-	-
Business Applications	74	74	-	74	-	-
DS Corporate Solutions	652	652	-	652	-	-
Front Office - Hardware, Software & Services	693	693	5	693	-	-
Back Office - Hardware, Software & Services	1,182	1,182	0	1,182	-	-
Network, Software & Services	835	835	2	835	-	-
Schools - Hardware, Software & Services	1,476	1,476	729	1,476	-	-
Digital: Equipped for Learning	2,500	3,500	-	3,500	-	(1,000)
Online Payments & Services	-	-	1	-	-	-
Civica Automation	47	47	-	47	-	-
Place						
Street Lighting Upgrades	1,101	1,101	8	1,101	-	-
Footway & Footpath Network Upgrades	560	560	26	560	-	-
Road Upgrades	1,791	1,791	-	1,791	-	-
Accelerated Roads Residential Streets	2,500	2,500	-	2,500	-	-
Roads Asset Management Plan - Temple Ground Stabilisation	309	309	-	309	-	-
Dalkeith Christmas Lights	25	25	-	25	-	-
Cycling, Walking & Safer Streets Projects	714	714	-	714	-	-
Ironmills Park Steps	7	7	-	7	-	-
Vehicle & Plant Replacement Programme	2,497	2,497	165	2,497	-	-
LEZ Electric Vehicles & Charging Points	103	103	-	103	-	-
School Transport Retrofit Fund	22	22	-	22	-	-
Outdoor Play Equipment - Gorebridge	118	118	-	118	-	-
Mauricewood Road Bus Shelter	4	4	-	4	-	-
Riverside Park Paths & Woodland	89	89	-	89	-	-
Millerhill Park Circular Path & Bicycle Pump Track	18	18	-	18	-	-
Welfare Park, Newtongrange	98	98	-	98	-	-
Pump Track, North Middleton	76	76	-	76	-	-
Birkenside Grass Pitch Drainage	12	12	-	12	-	-
School Transport Retrofit Fund	22	22	-	22	-	-
Stobhill Depot Upgrade	568	568	-	568	-	-
New Depot: EWIM Phase III	-	-	3	-	-	-
Property Upgrades	936	1,228	82	1,228	-	(292)
Midlothian & Fairfield House Shower Upgrades	22	22	-	22	-	-
Shawfair Town Centre Land Purchase	5,165	5,165	-	5,165	-	-
Hillend Preparatory Works	-	-	3	3	-	-
Destination Hillend	1,660	1,693	98	1,693	-	(33)
32-38 Buccleuch Street Ground Floor Redevelopment	325	325	0	325	-	-
Cashless Catering	29	29	-	29	-	-
Non-Domestic Energy Efficiency Projects	211	211	-	211	-	-
Contaminated Land	186	186	5	186	-	-
Public Sector Housing Grants	198	198	59	198	-	-
Borders Rail - Economic Development Projects	125	63	-	63	-	63
Penicuik THI	196	196	(0)	196	-	-
Mayfield Town Centre Regeneration	4	4	-	4	-	-
Town Centre Regeneration Fund 2019/20	495	495	163	495	-	-
Town Centre Regeneration Fund 2020/21	311	311	-	311	-	-
TOTAL PLACE	28,272	29,535	1,352	29,535	-	(1,263)

PEOPLE AND PARTNERSHIPS DIRECTORATE	2021/22 Budget Initial	2021/22 Budget Q1	2021/22 Actual to P3	2021/22 Forecast Outturn Q1	2021/22 Variance Q1	2021/22 Carry Forward Q1
	£'000	£000's	£000's	£000's	£000's	£000's
Education - Early Years						
Mount Esk Nursery School Replacement	1,000	1,000	-	1,000	-	-
King's Park Primary School	46	46	1	46	-	-
Roslin Primary School	369	369	-	369	-	-
Capital grants to partner providers	914	914	-	914	-	-
Gorebridge Primary School	804	804	-	804	-	-
Catering kitchens	800	800	-	800	-	-
Hawthorn Children & Families Centre Alteration	376	376	-	376	-	-
Mauricewood Primary School	407	407	-	407	-	-
Vogrie Outdoor Early Learning Centre	167	167	39	167	-	-
Penicuik Outdoor Early Learning Centre	200	200	-	200	-	-
Other Outdoor Spaces	160	160	-	160	-	-
Settings' kitchens	114	114	-	114	-	-
Scots Corner	75	75	-	75	-	-
Newtongrange Primary School	50	50	-	50	-	-
Lasswade Primary School	45	45	-	45	-	-
Woodburn Primary School	45	45	-	45	-	-
Rosewell Primary School Alteration	(11)	(11)	-	(11)	-	-
Mount Esk Nursery School	20	20	1	20	-	-
Tynewater Primary School	20	20	-	20	-	-
Bilston Primary School	20	20	-	20	-	-
Moorfoot Primary School	20	20	-	20	-	-
Loanhead Primary School	5	5	-	5	-	-
Cuiken Primary School	3	3	-	3	-	-
St Andrew's Primary School	4	4	-	4	-	-
Remaining Balance	227	227	-	227	-	-
Education - Primary						
GoreGlen Primary School	-	-	-	-	-	-
Paradykes Primary Replacement	169	169	15	169	-	-
Roslin Primary Replacement	-	-	-	-	-	-
New Hopefield Primary School	574	574	-	574	-	-
New Danderhall Primary hub	2,339	2,339	296	2,339	-	-
Cuiken Primary School Extension	57	57	2	57	-	-
Sacred Heart Primary School Extension	637	637	3	637	-	-
Lawfield Primary Extension	7	7	-	7	-	-
Easthouses Primary School	919	919	-	919	-	-
Tynewater Primary School	10	10	-	10	-	-
Burnbrae Primary School GP Space	2	2	-	2	-	-
Burnbrae Primary School External Works	73	73	-	73	-	-
Woodburn Primary extension (1 class plus)	-	-	-	-	-	-
Woodburn Primary 3 class & activity hall extension	-	-	-	-	-	-
Woodburn Primary 9 class & activity hall extension	566	566	-	566	-	-
Woodburn - Modular Unit Relocation	188	188	-	226	38	-
Education - Secondary						
Lasswade High School	-	-	-	-	-	-
Lasswade High - Toilets & Changing to 1,600 pupil capacity	521	200	-	200	-	321
Newbattle High School	-	-	-	-	-	-
A701 High School	430	430	(26)	430	-	-
Education - Learning Estate Strategy						
Kings Park PS upgrade to existing building	426	426	-	426	-	-
St Davids Primary - 4 class & EY extension	147	47	-	47	-	100
Mauricewood Refurbishment	875	50	-	50	-	825
Rosewell Primary School - extend to 2 stream	-	50	-	50	-	(50)
Newtongrange refurb & expansion to 2 stream	100	100	-	100	-	-
ASN Provision - Social Complex Needs	250	250	-	250	-	-
Burnbrae PS - Early Years Complex Needs	-	-	1	-	-	-
Education - General						
Parent Pay	-	-	-	-	-	-
Saltergate Alterations Phase III - Playground Improvements	252	252	9	252	-	-
Saltergate Phase IV - Internal Alterations	39	39	-	39	-	-
Modular Units - Session 2017/18	107	107	-	107	-	-
New Learning Estate Furniture & IT Equipment	17	17	-	17	-	-
Children's Services						
Residential House for 5-12 year olds	700	700	-	767	67	-
Communities & Partnerships						
Members Environmental Improvements	100	100	10	100	-	-
Participatory Budgets	360	360	-	360	-	-
Adult Social Care						
Assistive Technology	152	152	-	152	-	-
Homecare	55	55	-	55	-	-
Highbank Intermediate Care Reprovisioning	1,077	1,077	(78)	1,077	-	-
General Fund Share of Extra Care Housing	59	59	-	59	-	-
Sport & Leisure						
Property - Poltonhall Astro & Training Area Resurfacing	449	449	(3)	449	-	-
Property - Penicuik Astro Resurfacing	290	290	(3)	290	-	-
Dalkeith Thistle - Pavilion Upgrade	40	40	17	40	-	-
Property - King's Park Tennis Courts Resurfacing	82	82	-	82	-	-
Property - Penicuik Centre Flooring, Cardio & Equipment	155	155	-	155	-	-
Property - Lasswade Centre Flooring	33	33	-	33	-	-
Property - Gorebridge Leisure Centre	7	7	-	7	-	-
TOTAL PEOPLE AND PARTNERSHIPS	18,143	16,947	338	17,052	105	1,196
COUNCIL TRANSFORMATION						
Purchase to Pay	2	2	-	2	-	-
EWIM - Buccleuch House Ground Floor	33	33	-	33	-	-
City Deal	766	766	183	766	-	-
TOTAL COUNCIL TRANSFORMATION	801	801	183	801	-	-
GENERAL SERVICES CAPITAL PLAN TOTAL	47,217	47,283	1,873	47,388	105	(67)
COST OF SALES						
Cousland School Demolition	-	-	-	-	-	-
6 Eskmill Road Demolition	-	-	-	-	-	-
Paradykes Cost of Sales	-	-	-	-	-	-
Whitehill Business Centre Disposal	-	-	-	-	-	-
Newbattle High School	-	-	-	-	-	-
Danderhall	300	300	-	300	-	-
Hillend Land Sale Cost of Sales	-	-	0	-	-	-
TOTAL COST OF SALES	300	300	0	300	-	-
GENERAL SERVICES CAPITAL PLAN TOTAL INC COST OF SALES	47,517	47,583	1,873	47,688	105	(67)
Provision for Return of Contingencies	(639)	(639)	-	(639)	-	-
GSCP + CIS Total inc. Return of Contingencies	46,878	46,944	1,873	47,049	105	(67)