

General Services Capital Plan 2015/16 Final Outturn

Report by Gary Fairley, Head of Finance and Integrated Service Support

1 Purpose of Report

This report presents the final outturn for 2015/16 on the General Services Capital Plan.

2 Background

2.1 Expenditure

The previous 2015/16 General Services Capital Plan was approved by Council on 8 March 2016, with an expenditure budget of £21.040 million.

After reflecting rephasing of 2015/16 budgets to/from 2016/17 as shown in Appendix 1, the final budget for the year is £18.444 million. Material rephasing of budgets are shown in tables 1 and 2 below:-

Table 1: Material rephasing of budgets from 2016/17 back to 2015/16

Project	Amount £000's	Notes	Subject to review over Summer 2016 as part of Asset Management Plan
Gorebridge North Primary School	440	Earlier start on site by contractor than anticipated	
Digital Services Projects – Various	127	Asset Management project and replacement brought forward due to number of failing \ end of life assets	Yes
Street Lighting Upgrades	122	Acceleration of 2016/17 programme due to urgent need to replace columns on A701 Edinburgh Road, Penicuik	Yes
Paradykes & Roslin Primary Schools Preparatory Works	39	Earlier than anticipated completion of tender process	
New Recycling Facility – Penicuik	33	Fees & surveys carried out as a result of issues arising from planning process	
Others	7		
Total	768		

Table 2: Material rephasing of budgets from 2015/16 forward to 2016/17

Project	Amount	Notes	Subject to review over Summer 2016 as part of Asset Management Plan
	£000's		
Property Upgrades inc. Lighting/ Lightning	872	Delays to tendering process	Yes
Vehicle & Plant Replacement Programme inc. Waste Collection Vehicles	532	Review of lifespan of plant equipment with subsequent delay to retender process. Longer lead in time for number of vehicles	Yes
Newbattle Centre Preparatory Works	345	Rephasing of road access element due to delays to project from ESA10	
Purchase of 7 Eskdaill Court	285	Refit of building now to be carried out in 2016/17 with completion by end of October 2016.	
Assistive Technology	205	Reduction in equipment provided to domestic properties due to standardization of telecare model	Yes
Digital Services Projects – Various	170	Number of projects have been rescheduled due to SWAN Project and Asset Management replacement work being given priority. Implementation of Service Now (Helpdesk) and milestone payments delayed to June 2016	
Woodburn Family Learning Centre	158	Delay due to longer than anticipated design & scoping for the internal works for the shop element of the project	
Footway & Footpath Networks	122	Delays due to inclement weather and phasing of works to e.g. work around school holidays	
Website Upgrade	114	Project to go live July 2016 – majority of spend in April-June 2016	
Installation of Geogrid – Barleyknowe Lane	68	Delay to commencement of works	
Cycling, Walking & Safer Streets	53	Appointment of iBike Officers in 2016/17	
Online Payments for Schools	45	Project implementation in full in 2016/17	
20mph Limits	40	Delay to commencement of works due to investigations on existing signage/markings requiring being carried out	
Vogrie Car Park Barriers	33	Delay to tender process commencing	
Buccleuch House Ground Floor	33	Delay due to knock on impact from other EWiM projects	
Others	289		
Total	3,364		

Actual expenditure in the year was £18.872 million, giving an overspend of £0.428 million as detailed in Appendix 1. Material variances are as follows:-

Project	Rephased Project Budget 2015/16 £000's	Actual Outturn 2015/16 £000's	(Under)/ Over Spend £000's	Notes
Millerhill Access Road / Site Services	140	275	+135	Subject to separate report to Council elsewhere on today's agenda
EWiM Phase 2	661	778	+117	Report to Council to follow after conclusion of both phases of EWiM
Bright Sparks	356	472	+116	Design variances required due to complex alteration to existing building that were not originally forecast as a result of tight time constraints when setting original budget.
Cycling, Walking & Safer Streets	74	176	+102	Additional expenditure funded by additional grant income from Sustrans
EDRMS	12	70	+58	Software development more complex than envisaged resulting in higher than anticipated fees. Greater than expected number of user licences required. Purchase of additional server.
EWiM Phase 1	75	127	+52	Report to Council to follow after conclusion of both phases of EWiM
Digital Services Back Office – UPS Devices	10	32	+22	Additional controller board installed to improve business contingency provision
Food Waste Collection	526	507	-19	Project saving due to less expensive vehicles & food waste caddies
Burnbrae Primary	23	4	-19	Additional saving due to project being delivered at a competitive time in the market place
Rosewell Primary Extension	95	63	-32	Saving in overall project budget
Hopefield Primary School Demolition	164	64	-100	Insurance receipt
Others	249	245	-4	
Total	2,385	2,813	+428	

2.2 Funding

The General Services Capital Plan approved by Council on 8 March 2016 budgeted for funding of £17.656 million. After adjusting for carry-forwards, the Plan budgeted for funding of £17.655 million, as shown in Section 2.4.

Actual funding was £18.077 million, £0.421 million more than budget, with the variances relating to:-

- An increase in Scottish Government grant of £0.102 million reflecting the reduction in third party funding for Contaminated Land and Public Sector Housing Grants;
- A reduction in other Government grants of £0.020 million, reflecting a reduction in the level of expenditure for the Food Waste Collection roll-out;
- An increase of £0.189 million in other contributions received, reflecting an additional £0.103 million from Sustrans for Cycling, Walking & Safer Streets projects, £0.052 million from NHS Lothian as a payment for their share of the Loanhead hub project, £0.065 million from Sustrans towards the Newtongrange Traffic Lights / Pedestrian Crossing at the railway station, net of a reduction in funding of £0.031 million from Sustrans/Network Rail/Commonwealth Legacy Fund for Cycling, Walking & Safer Streets projects;
- An increase of £0.150 million in developer contributions applied to the plan.

2.3 Borrowing

The General Services Capital Plan approved by Council on 8 March 2016 budgeted for an in-year borrowing requirement to fund capital investment of £3.384 million.

After adjusting for carry forwards, the Plan budgeted for in-year borrowing of £0.788 million.

Actual borrowing was £0.795 million. The reduction in borrowing of £2.589 million compared with the Plan approved by Council on 8 March 2016 broadly reflects:-

- the net rephasing of expenditure/funding for the year of £2.596 million as described in Sections 2.1 and 2.2;
- the net overspend in 2015/16 of £0.428 million as described in Section 2.1; and
- the additional funding of £0.421 million as noted in Section 2.2.

2.4 Summary

A summary of the final outturn position for 2015/16 is outlined in the table below.

GENERAL SERVICES CAPITAL PLAN

2015/16	2015/16 Budget £'000	2015/16 Carry Forward £000's	2015/16 Revised Budget £'000	2015/16 Outturn £'000	2015/16 Variance £'000
EXPENDITURE					
Resources	9,665	-1,979	7,685	7,941	255
Education, Community & Economy	9,954	-142	9,812	9,772	-40
Health & Social Care	310	-222	88	85	-4
Council Transformation	1,112	-254	858	1,074	216
Total Approved Expenditure	21,040	-2,596	18,444	18,872	428
FUNDING					
Government Grants	9,654	-53	9,601	9,703	102
Receipts from Sales	2,563	0	2,563	524	-2,039
Transfer to Capital Fund	-2,563	-0	-2,563	-524	2,039
Developer Contributions	7,362	59	7,421	7,571	150
Other Contributions	640	-6	634	803	169
Total Available Funding	17,657	-1	17,656	18,077	421
Approved Borrowing Required	3,384	-2,596	788	795	7

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, net of the debt outstanding on any projects that are forward funded (where the Council build the asset and recover monies from e.g. developers).

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

	2015/16 Budget £'000	2015/16 Outturn £'000	2015/16 Variance £'000
Debt Outstanding at 01 April	103,675	103,675	0
Borrowing arising from Capital Plan	3,384	795	-2,589
Debt Repayments	-3,917	-3,917	0
Debt Outstanding at 31 March	103,142	100,553	-2,589
<u>less: Net Capital Expenditure on Forward Funded projects</u>			
Bilston Primary School	188	190	2
Gorebridge North Primary School	0	0	0
Paradykes Primary School	0	0	0
Debt Outstanding at 31 March exc. Forward Funded projects	102,954	100,363	-2,591
Agreed Cap	114,000	114,000	0
Headroom	11,046	13,637	2,591

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 £14.853 million. Capital Receipts of £0.524 million were received in the year, which have been transferred to the capital fund. This increases the balance in the Capital Fund to £15.377 million. The timing and application of these funds will be considered in a future Financial Strategy report to Council.

3 Report Implications

3.1 Resource

The in-year borrowing requirement has reduced from £3.384 million to £0.795 million, with the resultant impact on loan charges reported in the Financial Outturn 2015/16 – General Fund Revenue report presented elsewhere on today's agenda.

This reduction in borrowing in 2015/16 will also reduce the principal repayments element of the loan charges in 2016/17, and this will be reported to Council in the next Financial Strategy report to Council.

The reduction in borrowing in 2015/16 is largely due to slippage on a number of projects, with expenditure subsequently carried forward / rephased into 2016/17. As such, any saving in loan charges in 2015/16 & 2015/16 will largely be unwound in 2016/17 and 2017/18, 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 2015/16;

Date: 15 June 2016

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Background Papers:

Appendix 1 – General Services Capital Plan 2015/16 Expenditure Outturn

Appendix 1: General Services Capital Plan 2015/16 Expenditure Outturn

	Rephased				
GENERAL SERVICES CAPITAL PLAN	2015/16	2015/16	2015/16	2015/16	2015/16
2015/16 Outturn	Budget	Carry Forward	Revised Budget	Actual Outturn	Variance
	£000's	£000's	£000's	£000's	£000's
RESOURCES					
Finance & Integrated Service Support					
Front Office - Device & Interactive Asset Upgrades	375	99	474	474	0
Back Office - Anti Virus Upgrades	0	0	0	0	0
Back Office - Server Replacement	160	6	166	166	0
Back Office - UPS Devices	40	-30	10	32	22
Network Enterprise - Network Internet Connection	0	0	0	0	0
Network Enterprise - Network Assets (Power & Data)	75	-57	18	18	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	-50	0	0	0
Midlothian Website Development	5	-5	0	0	0
IT Development (Education)	0	21	21	21	0
Committee Management System	15	-3	12	12	0
Paperless Meetings	16	-16	0	0	0
Business Application Upgrades inc. mobile working	100	-39	61	61	0
Interactive White Board Replacement	0	0	0	0	0
SWAN Programme	0	0	0	0	0
Commercial Services					
Street Lighting Upgrades	646	122	768	768	0
Street Lighting LED Upgrade (Salix Funded)	200	0	200	200	0
Footway & Footpath Network Upgrades	1,000	-122	878	878	0
Road Upgrades	1,521	-24	1,497	1497	0
A6106 Lugton	30	0	30	30	0
Millerhill Access Road / Site Services	100	40	140	275	135
Zero Waste Capital Contribution	0	0	0	0	0
Beeslack High School Safer Routes to School	0	0	0	0	0
Cycling, Walking & Safer Streets Projects	127	-53	74	176	102
Ironmills Park Steps	28	-15	13	13	0
Emily Bing	13	-13	0	0	0
New recycling facility - Penicuik	1	33	34	34	0
DDA Works 2010/11	0	0	0	0	0
Waste Collection Vehicles	338	-40	298	298	0
Food Waste Collection	526	0	526	507	-19
Vehicle & Plant Replacement Programme	1,484	-492	992	992	0
Electric Vehicles - Powerpoint Installation	61	0	61	61	0
Install Geogrid - Barleyknowe Lane	102	-68	34	34	0
Bonnyrigg Skate Park	4	0	4	4	0
Newtongrange Wheeled Sports park	39	-37	2	2	0
Loanhead Memorial Park	60	-5	55	55	0
Riverside Park	26	0	26	26	0
20mph Limits	40	-40	0	0	0
Vogie Car Parking Barriers	33	-33	0	0	0
CCTV Upgrade	143	0	143	148	5
Webcasting Council, Cabinet & Committee Meetings	19	0	19	23	4
Property & Facilities	0	0	0	0	0
Stobhill Depot Upgrade	0	0	0	0	0
Property Upgrades inc. Lighting/Lightning	1,582	-872	710	710	0
Purchase of 7 Eskdaill Court, Dalkeith	700	-285	415	415	0
Primary 1-3 Free School Meals	12	-3	9	9	0
TOTAL RESOURCES	9,671	-1,979	7,691	7,941	249

	2015/16 Budget	2015/16 Carry Forward	2015/16 Revised Budget	2015/16 Actual Outturn	2015/16 Variance
EDUCATION, COMMUNITY AND ECONOMY					
Early Years	£000's	£000's	£000's	£000's	£000's
Woodburn Family Learning Centre	305	-158	147	147	0
Further Early Years Provisions	0	0	0	0	0
Primary					
Burnbrae Primary	23	0	23	4	-19
New Bilston Primary	3,162	-3	3,159	3159	0
New Gorebridge North Primary	3,421	440	3,861	3861	0
Rosewell Primary Extension	95	0	95	63	-32
Combank Primary Extension	24	-19	5	5	0
St Andrews Primary Extension	5	18	23	23	0
Newtongrange Primary Extension	30	-20	10	10	0
Paradykes & Roslin Primaries Preparatory Works	523	39	562	562	0
Paradykes Primary Replacement	0	0	0	0	0
Roslin Primary Replacement	0	0	0	0	0
Gorebridge Primary School Additional Classroom	12	0	12	13	1
Hopefield Primary School Demolition	164	0	164	64	-100
Stobhill Primary School Footpath	22	0	22	22	0
Secondary					
Lasswade High School inc. 2nd MUGA	172	1	173	173	0
Newbattle Centre Preparatory Works	1,243	-345	898	898	0
Newbattle Centre - Future Extension	0	0	0	0	0
Saltersgate Alterations	154	6	160	160	0
General					
Online Payments for Schools	45	-45	0	0	0
Bright Sparks	356	0	356	472	116
PPP1 Land Acquisition	27	-27	0	0	0
Children and Families					
Eastfield Children's Unit	3	0	3	3	0
Woodburn Children's Unit	0	0	0	0	0
Planning & Development					
Environmental Improvements	140	-9	131	131	0
Property Asset Management System	9	-6	3	3	0
Dalkeith Town Centre (TCRF??)	1	-1	0	0	0
East High Street Public Realm & Burns Monument	12	-12	0	0	0
TOTAL EDUCATION, COMMUNITY AND ECONOMY	9,948	-142	9,806	9,772	-34
HEALTH AND SOCIAL CARE					
Adult & Social Care					
Care Homes	1	0	1	0	-1
Penicuik Care Home Hub	33	0	33	30	-3
Penicuik Care Home Hub - Fit Out	0	0	0	0	0
Highbank OPH - Adaptations (Phase II)	0	0	0	0	0
Assistive Technology	260	-205	55	55	0
Travelling Peoples Site Upgrade	17	-17	0	0	0
Customer & Housing Services					
Libraries Cash Management System	-1	0	-1	-1	0
TOTAL HEALTH AND SOCIAL CARE	310	-222	88	85	-4
COUNCIL TRANSFORMATION					
Purchase to Pay	32	-21	11	11	0
Property Services Review / Mobile Working	43	0	43	32	-11
EDRMS	12	0	12	70	58
EWiM	125	-50	75	127	52
EWiM Phase 2	661	0	661	778	117
Online Housing Applications	27	-27	0	0	0
Corporate Telephony Services Upgrade	54	-9	45	45	0
Buccleuch House Ground Floor	33	-33	0	0	0
Website Upgrade	125	-114	11	11	0
TOTAL COUNCIL TRANSFORMATION	1,112	-254	858	1,074	216
GENERAL SERVICES CAPITAL PLAN TOTAL	21,040	-2,596	18,444	18,872	428