

General Services Capital Plan - 2023/24 Quarter 2 Monitoring

Report by David Gladwin, Chief Financial Officer & Section 95 Officer

Report for Decision

1 Recommendations

It is recommended that the Council:-

1. Approve the addition of the project budgets set out in Section 3.1;
2. Note the forecast outturn for expenditure (after reflecting rephased project budgets), funding and borrowing, as outlined in Section 4.

2. Purpose of Report

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

- A note of the inclusion of the projects listed in Section 3.1 in the General Services Capital Plan (GSCP);
- Information on the projected performance against budget for 2023/24 (Section 4);
- Update on the Capital Fund (Section 5).

Date 01 November 2023

Report Contact:

Gary Thomson, Senior Finance Business Partner

gary.thomson@midlothian.gov.uk

3 Update of General Services Capital Plan

3.1 Projects presented for endorsement in the Plan

The following additions are being presented for endorsement to be fully adopted within the GSCP:-

- **Millerhill Park Asphalt Path:** Asphalt circular path within Millerhill Park. £0.090 million capital expenditure budget fully phased in 2023/24 and fully funded by £0.090 million of already received developer contributions. Approved by Capital Plan & Asset Management Board (CPAMB) on 26 September 2023;
- **Birkenside Play Equipment:** Provision of Children's Outdoor Play Park Equipment within Birkenside Park. £0.072 million capital expenditure budget fully phased in 2023/24 and fully funded by £0.072 million of already received developer contributions. Approved by CPAMB on 26 September 2023;
- **Nature Restoration Fund 2023/24:** Capital expenditure budget of £0.211 million, to be fully phased in 2023/24 and funded by £0.211 million of Nature Restoration Fund Capital Grant from Scottish Government, for the supply and planting of bulbs and perennial wildflower seeds to support biodiversity and pollinator friendly areas across the county. Approved by CPAMB on 02 November 2023.

4 2023/24 Projection against budget

4.1 2023/24 Budget

After accounting for the following:-

- Rephasing of budgets from 2022/23 to 2023/24 as reported to Council at Quarter 1 on 29 August 2023;
- Including the new projects as outlined in Section 3.

The capital plan expenditure budget for 2023/24 is £84.675 million, funding budget was £38.313 million and in-year borrowing of £46.362 million.

4.2 Rephasing

Project expenditure budgets have been rephased based on the latest information available from Project managers and Service Leads as noted in Table 1 overleaf.

Table 1: Rephasing of project expenditure budgets

Project	Description of rephasing of budget	Previous 2023/24 Budget £000's	Revised 2023/24 Budget £000's	2023/24 Budget Rephasing £000's
CHILDREN, YOUNG PEOPLE & ESTATES PROGRAMME BOARD				
Woodburn Primary School	Change in project profiling due to a slippage of 2 weeks in the commencement of works on site	5,862	5,525	-337
Mayfield & St. Luke's Primary School Campus	Re-programming of enabling works has reprofiled expenditure into 2024/25 along with some fee allowances for design team now matched to milestone payments in pre-construction services agreement	2,887	1,762	-1,125
Lasswade High – Changing Facilities	Changing room proposals will be reviewed in early 2024 with any works to be carried out in summer 2024 at earliest	452	0	-452
Beeslack CHS Replacement	Reprogramming of project programme and expenditure to reflect current project position along with a reprofiling of the professional fees	7,771	4,481	-3,290
Penicuik High School Refurbishment & Expansion		1,272	736	-536
Learning Estate Strategy Development Budget & LES Projects Approved in Principle	Project development expenditure re-profiled to reflect emerging status of projects	2,452	1,046	-1,406

Project	Description of rephasing of budget	Previous 2023/24 Budget £000's	Revised 2023/24 Budget £000's	2023/24 Budget Rephasing £000's
ASSET MANAGEMENT PROGRAMME BOARD				
Business Applications	Acceleration of plan with implementation of Open Text upgrade in 2023/24	63	258	+195
Digital Equipped for Learning	Classroom AV display solution works will now be carried out in the final quarter of the 2023-24 academic year (April – July)	2,520	2,373	-147
Roads: Potholes Upgrades	It is anticipated that £0.8m of the budget will be utilised for the Residential Streets plan in 2023/24. Depending on weather conditions for the remainder of the year it is possible that further work may be able to be completed.	2,500	1,100	-1,400
Temple Ground Stabilisation	Reprioritisation of work and internal resources to the continuation of the Accelerated Roads Upgrades programme.	309	0	-309
B6372 Arniston Bank Stabilisation	Detailed design schemes will be prepared in due course for these essential work to ensure the long term integrity of these sections of the public road network	593	0	-593

Project	Description of rephasing of budget	Previous 2023/24 Budget £000's	Revised 2023/24 Budget £000's	2023/24 Budget Rephasing £000's
REGENERATION & DEVELOPMENT PROGRAMME BOARD				
Destination Hillend	Awaiting clarity from contractor on programme for proposed solution for road junction, which is on the critical path for the wider project programme; Project Team taking mitigating action to offset any delays to the programme where feasible to do so.	10,731	8,993	-1,738
OTHER				
Assistive Technology/ Analogue to Digital Transition	Procurement solution in place from 1 November 2023 which will allow equipment to be purchased with rephasing of expenditure fully into 2024/25	800	500	-300
Polton Street (Highbank Intermediate Care Reprovisioning/ Day Care Centre)	Design Team & Legal Services currently pulling together contractual documentation for tender acceptance and contract award, with anticipated construction/site start date of early 2024 (previous assumption was autumn 2023 start)	1,676	689	-987
Others	Rephasing of other projects	17,920	17,760	-160
Total		57,808	45,223	-12,586

This results in a rephased capital expenditure budget for 2023/24 of £72.090 million as shown in detail in Appendix 1.

In line with this, the expected level of funding available to finance the plan has also been rephased and now totals £36.128 million.

This results in an in-year borrowing requirement of £35.962 million.

The projected performance against budget for 2023/24 is shown in table 2 below:-

Table 2: General Services Capital Plan Projected Performance against Budget 2023/24 – as at Quarter 2

Item	2023/24 Q1 Budget £000's	2023/24 Rephased Budget £000's	Actual To 17.09.23 £000's	2023/24 Projected Outturn £000's	2023/24 Variance £000's	2023/24 Carry Forward
Expenditure	84,302	72,090	10,479	72,040	-50	-12,586
Funding	37,940	36,128	6,203	36,127	-1	-2,186
Borrowing Required	46,362	35,962	4,276	35,913	-49	-10,400

4.3 Expenditure

Expenditure to 17 September 2023 is £10.479 million and at this point project managers and service leads are indicating a forecast expenditure outturn of £72.040 million, a projected net underspend of £0.050 million against the revised budget of £72.090 million.

The net variation of £0.050 million in expenditure reported in this quarterly monitoring report relates to the following:-

- **Outdoor Play Equipment (Gorebridge):** Project complete with expenditure and funding outturn £0.001 million less than budget.
- **Civica Automation:** Release of £0.047 million remaining budget (now subsumed within Business Applications Asset Management Plan budget);
- **Purchase to Pay:** Release of £0.002 million remaining budget (now subsumed within Business Applications Asset Management Plan budget);
- **Early Years Capital Grant Funded Projects:** Overspend on Other Outdoor Spaces projects of £0.064 million, to be funded by application of £0.064 million of Early Years Capital Grant no longer required for Mauricewood Primary School Early Years works which are complete;

Expenditure incurred to 17 September 2023 across all projects in the General Services Capital Plan amounts to £10.479 million, equating to 15% of the projected total expenditure budget for 2023/24.

Given the substantive expenditure currently estimated to be committed in the second half of the year combined with material supply and inflationary pressures, all Project Managers and Service Leads are carrying out a full review of project plans and expenditure profiles and the outcome of this will be reflected in the Q3 report to Council in February 2024.

4.4 Funding

The funding available to finance the Capital Plan in 2023/24 is expected to total £36.127 million.

Funding of £6.203 million has been received to 17 September 2023.

4.5 Borrowing

Based on the forecast expenditure and funding levels as noted above, the revised estimate of the level of borrowing required for 2023/24 is forecast to be £35.913 million. The impact on the Council's borrowing costs is reflected in the Financial Monitoring 2023/24 General Fund Revenue report elsewhere on today's agenda.

5 Capital Fund

The Capital Fund at the start of the 2023/24 financial year was £20.107 million. £7.694 million of this is committed to fund the City Deal, with a further £9.061 million committed to support capital investment including the utilisation of £2.000 million in 2023/24.

The forecast non-committed capital fund balance at 31 March 2024 is £3.229 million, as shown in the table below.

Item	Amount £000's
Balance at 01 April 2023	20,107
Forecast Capital Receipts 2023/24	350
Committed to fund City Deal Project	-7,694
Committed to support Capital Investment	-9,061
Developer Contributions earmarked for specific purposes	-473
Non-committed balance at 31 March 2024	3,229

6. Report Implications

6.1 Resource

The borrowing required to finance the planned investment in 2023/24 is currently £35.913 million and is reflected in the Financial Monitoring 2023/24 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 construction materials supply chain has already been subject to unprecedented disruption through a combination of the Coronavirus (COVID-19) Pandemic, the UK leaving the European Union, the conflict in Ukraine and the global inflationary picture. The Construction Leadership Council (CLC) continues to report shortages of construction materials and forecasts this disruption to continue for the foreseeable future. Ongoing engagement with suppliers confirms that materials shortages, longer lead times and steep price increases are highly likely to continue to impact the supply chain. This potentially exacerbates the inherent risk in the Capital Plan that projects will cost more than estimated thus resulting in additional borrowing, or will be subject to significant delay.

Strengthened financial monitoring & governance procedures have been approved by CP&AMB, which will ensure that significant variations can be captured and reported to Programme Boards and CP&AMB so that remedial action can be taken to mitigate the risks.

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 or through alternative funding mechanisms.

The Capital Plan includes a provision for the return of contingencies of £0.506 million in 2023/24, equating to 2.5% of project expenditure. The risk is that projects throughout the plan are unable to deliver this which could be in part due to factors outwith the Council's control. Capital Plan & Asset Management Board will monitor the level of return of contingencies against the £0.506 million provision on an ongoing basis to ensure that projects can, where possible, deliver against this provision and that the provision continues to be appropriate.

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 2023/24 Quarter 2 Monitoring

Appendix 1: General Services Capital Plan 2023/24 Quarter 2 Monitoring

Budget is approved in principle - requires approval of OBC before budget is fully approved						
Budget is a "Project Under Development" - requires approval of SOBC before budget is fully approved						
	Rephased	Rephased				
	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
GENERAL SERVICES CAPITAL PLAN	Budget	Budget	Actual	Forecast	Variance	Carry
Q2 Monitoring	Q1	Q2	to P6	Outturn Q2	Q2	Forward Q2
	£000's	£000's	£000's	£000's	£000's	£000's
CHILDREN, YOUNG PEOPLE & ESTATES PROGRAMME BOARD						
FULLY APPROVED PROJECTS						
Education - Primary						
Woodburn Primary 9 class & activity hall extension	5,862	5,525	470	5,525	-	337
Easthouses Primary School	15,699	15,723	1,473	15,723	-	(24)
Mayfield & St. Luke's School Campus	2,887	1,762	641	1,762	-	1,125
Modular Units 2023/24	2,483	2,483	1,462	2,483	-	-
Education - Secondary						
Beeslack CHS Replacement	7,771	4,481	207	4,481	-	3,290
Penicuik High School	1,272	736	13	736	-	536
Lasswade High - Toilets & Changing to 1,600 pupil capacity	452	-		-	-	452
Education - ASN						
Hawthornden Primary - ASN Unit	1,501	1,404	949	1,404	-	97
Education - Early Years						
King's Park Primary School	6	6	-	6	-	-
Settings/Catering Kitchens	150	150	-	150	-	-
Hawthorn Children & Families Centre Alteration	120	120	1	120	-	-
Mauricewood Primary School	110	110	1	46	(64)	-
Vogrie Outdoor Early Learning Centre	81	81	-	81	-	-
Other Outdoor Spaces	154	154	10	218	64	-
Education - Primary - Projects near completion						
Paradykes Primary Replacement	95	95	21	95	-	-
St. Mary's RC & Early Burnbrae Primary Schools	22	22	9	22	-	-
New Danderhall Primary hub	88	88	(53)	88	-	-
Sacred Heart Primary School Extension	30	30	23	30	-	-
Acoustic Upgrades	150	150	13	150	-	-
Education - General						
Learning Estate Strategy: Development Budget	1,602	846	-	846	-	757
Burnbrae Primary - Conversion of ASN to GP Space	71	71	-	71	-	-
Burnbrae Primary School External Works	56	56	16	56	-	-
TOTAL - CHILDREN, YOUNG PEOPLE & ESTATES PROGRAMME BOARD	40,664	34,094	5,256	34,094	-	6,569
	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
GENERAL SERVICES CAPITAL PLAN	Budget	Budget	Actual	Forecast	Variance	Carry
2023/24 to 2026/27	Q1	Q2	to P6	Outturn Q2	Q2	Forward Q2
	£000's	£000's	£000's	£000's	£000's	£000's
PROJECTS APPROVED IN PRINCIPLE						
Education - Primary						
Kings Park PS upgrade to existing building	200	50	-	50	-	150
Mauricewood Refurbishment	200	50	-	50	-	150
Rosewell Primary School - extend to 2 stream	200	50	-	50	-	150
Education - ASN						
ASN Provision - Social Complex Needs	250	50	-	50	-	200
TOTAL - CYPP APPROVED IN PRINCIPLE	850	200	-	200	-	650
	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
GENERAL SERVICES CAPITAL PLAN	Budget	Budget	Actual	Forecast	Variance	Carry
2023/24 to 2026/27	Q1	Q2	to P6	Outturn Q2	Q2	Forward Q2
	£000's	£000's	£000's	£000's	£000's	£000's
PROJECTS UNDER DEVELOPMENT						
Education - Secondary						
Shawfair All-through Campus	1,921	1,921	-	1,921	-	-
TOTAL - CYPP PROJECT UNDER DEVELOPMENT	1,921	1,921	-	1,921	-	-
CYPP - OVERALL TOTAL	43,435	36,216	5,256	36,216	-	7,219

	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
GENERAL SERVICES CAPITAL PLAN	Budget	Budget	Actual	Forecast	Variance	Carry
Q2 Monitoring	Q1	Q2	to P6	Outturn Q2	Q2	Forward Q2
	£000's	£000's	£000's	£000's	£000's	£000's
ASSET MANAGEMENT PROGRAMME BOARD						
Digital						
Business Applications	63	258	47	258	-	(195)
Front Office - Hardware, Software & Services	399	399	144	399	-	-
Back Office - Hardware, Software & Services	534	534	-	534	-	-
Network, Software & Services	652	652	25	652	-	-
Schools - Hardware, Software & Services	457	457	7	457	-	-
Digital: Equipped for Learning	2,520	2,373	405	2,373	-	147
Roads & Street Lighting						
Street Lighting and Traffic Signal Upgrades - New	1,276	1,276	430	1,276	-	-
Footway & Footpath Asset Management Plan - New	460	460	125	460	-	-
Road Upgrades - Asset Management Plan	1,483	1,483	443	1,483	-	-
Accelerated Roads Residential Streets	1,836	1,836	695	1,836	-	-
Roads: Potholes Upgrades	2,500	1,100	-	1,100	-	1,400
Roads Asset Management Plan - Temple Ground Stabilisation	309	-	-	-	-	309
Roads Asset Management Plan - B6372 Arncliffe Embankment Stabilisation	593	-	-	-	-	593
Fleet						
Vehicle & Plant Replacement Programme	1,871	1,871	917	1,871	-	-
Property						
Property Upgrades	615	633	48	633	-	(18)
Open Spaces / Play Areas						
Ironmills Park Steps	7	7	-	7	-	-
Outdoor Play Equipment - Rosewell	46	-	-	-	-	46
Outdoor Play Equipment - Gorebridge	1	1	-	-	(1)	-
Roslin Wheeled Sports Facility	59	-	-	-	-	59
Mauricewood Road Bus Shelter	4	4	-	4	-	-
Millerhill Park Circular Path & Bicycle Pump Track	89	89	-	89	-	-
Millerhill Park Asphalt Path	-	90	-	90	-	-
Birkenside Play Equipment	-	72	-	72	-	-
Welfare Park, Newtongrange	39	39	-	39	-	-
Pump Track, North Middleton	2	2	(1)	2	-	-
Play Park Upgrades: Clarinda Gardens & Ironmills Park	51	51	-	51	-	-
Play Park Renewal 2021/22	9	9	5	9	-	-
Play Park Renewal 2023/24+	162	162	9	162	-	-
Nature Restoration Fund 2022/23	3	3	-	3	-	-
Nature Restoration Fund 2023/24	-	211	-	211	-	-
Contaminated Land	70	70	43	70	-	-
Sport & Leisure Equipment						
Property - Poltonhall Astro & Training Area Resurfacing	37	37	25	37	-	-
Dalkeith Thistle - Pavilion Upgrade	6	6	-	6	-	-
Loanhead Memorial Park Pitch	4	4	-	4	-	-
Flotterstone Car Park Infrastructure & Charging	16	16	-	16	-	-
TOTAL - ASSET MANAGEMENT PROGRAMME BOARD	16,174	14,206	3,367	14,204	(1)	2,341
TRANSPORT, ENERGY & INFRASTRUCTURE PROGRAMME BOARD						
Transport						
A701 & A702 Relief Road City Deal Project	995	995	104	995	-	-
A7 Urbanisation	187	187	-	187	-	-
Cycling, Walking & Safer Streets Projects	1,190	1,190	123	1,190	-	-
FCC Zero Waste - Heat Offtake Facility	1,040	1,040	-	1,040	-	-
TOTAL - TRANSPORT, ENERGY & INFRASTRUCTURE PROGRAMME BOARD	3,412	3,412	227	3,412	-	-
REGENERATION & DEVELOPMENT PROGRAMME BOARD						
Regeneration						
Place Based Investment Fund 2021/22	311	311	60	311	-	-
Place Based Investment Fund 2022/23+	461	461	91	461	-	-
Development						
Destination Hillend	10,731	8,993	856	8,993	-	1,738
Shawfair Town Centre Land Purchase	5,615	5,615	61	5,615	-	-
TOTAL - REGENERATION & DEVELOPMENT PROGRAMME BOARD	17,118	15,380	1,069	15,380	-	1,738

	Rephased 2023/24 Budget Q1 £000's	Rephased 2023/24 Budget Q2 £000's	2023/24 Actual to P6 £000's	2023/24 Forecast Outturn Q2 £000's	2023/24 Variance Q2 £000's	2023/24 Carry Forward Q2 £000's
GENERAL SERVICES CAPITAL PLAN						
Q2 Monitoring						
OTHER (PROGRAMME BOARD NOT YET DEFINED)						
PLACE						
Digital						
Civica Automation	47	47	-	-	(47)	-
Council Hybrid Meetings	52	52	18	52	-	-
Transport						
Food Waste Rural Routes	119	119	119	119	-	-
Property/Development						
Midlothian & Fairfield House Shower Upgrades	5	5	-	5	-	-
Public Sector Housing Grants	291	291	156	291	-	-
Gorebridge Connected	-	-	-	-	-	-
Penicuik TH1	171	171	-	171	-	-
CCTV Network	444	444	10	444	-	-
2-4 West Street, Penicuik	48	48	32	48	-	-
Purchase to Pay	2	2	-	-	(2)	-
EWIM - Buccleuch House Ground Floor	33	33	-	33	-	-
Millerhill Pavilion	23	23	14	23	-	-
PEOPLE & PARTNERSHIPS						
Education						
Free School Meal Provision	397	397	126	397	-	-
Children's Services						
Residential House for 5-12 year olds	76	76		76	-	-
Communities & Partnerships						
Members Environmental Improvements	221	221	57	221	-	-
Adult Social Care						
Assistive Technology	209	209	11	209	-	-
Analogue to Digital Transition	800	500	-	500	-	300
Homecare	55	55	-	55	-	-
Highbank Intermediate Care Reprovisioning	1,246	467	-	467	-	779
Day Care Centre	114	43	-	43	-	71
General Fund Share of Extra Care Housing	316	179	18	179	-	137
TOTAL NOT ALLOCATED TO PROGRAMME BOARDS	4,670	3,383	561	3,334	(49)	1,287
			17%			
SUBTOTAL - PRE RETURN OF CONTINGENCIES	84,809	72,596	10,479	72,546	(50)	12,586
Provision for Return of Contingencies	(506)	(506)	-	(506)	-	-
GENERAL SERVICES CAPITAL PLAN TOTAL	84,302	72,090	10,479	72,040	(50)	12,586