
MONITORING OF THE CAPITAL FINANCIAL PLAN 2017/18

Report by Chief Financial Officer

EXECUTIVE

21 November 2017

1 PURPOSE AND SUMMARY

1.1 This report updates the Executive Committee on the progress of the 2017/18 Capital Financial Plan, seeks approval for projected outturns and associated virements, and the reallocation of funds.

1.2 The monitoring tables in Appendix 1 report on actual expenditure to 30 September 2017. Key issues identified in these tables are summarised within the main report. The tables identify a projected net variance of £0.609m against the approved budget.

The net in-year budget decrease of £0.609m is primarily due to a gross down in the projection for Plant and Vehicle replacement, fully funded from the P&V Fund. The net budget timing movements to future years amount to £1.138m, the most significant of which are £0.5m for Energy Efficiency Works and £0.350m for School Estate Block.

1.3 Appendix 2 contains a list of the block allocations approved for this year and the various approved and proposed projects to be allocated from them within the 2017/18 Capital Plan.

1.4 Appendix 3 contains a summarised list of timing and budget movements within the 2017/18 Capital Plan.

1.5 Appendix 4 contains a list of estimated whole project capital costs for single projects which will not be completed in the current financial year.

1.6 It is likely that as the year progresses additional timing movements will be identified. Specific reports on key major projects will be presented to Committee over the coming weeks with a comprehensive update on estimated timing movements presented as part of the final 2017/18 monitoring report in February 2018.

2 RECOMMENDATIONS

2.1 It is recommended that the Executive Committee:

- (a) Agrees the projected outturns in Appendix 1 as the revised capital budget;**
- (b) Notes any budget virements previously approved by the Chief Financial Officer and Service Director Assets & Infrastructure detailed in Appendix 2 under delegated authority;**
- (c) Notes the list of block allocations detailed in Appendix 2;**
- (d) Approves the virements as detailed in Appendix 3; and**
- (d) Notes the list of whole project costs detailed in Appendix 4**

3 BACKGROUND

- 3.1 The Council approved the Capital Plan for the period 2017/18 to 2026/27 on 9 February 2017, which has subsequently been updated to reflect budget adjustments, associated timing movements and other approvals. The movements to the total available budget since the Council meeting is as follows:

	£000s	£000s
Latest Approved Capital Plan 2017/18 at Executive, 5 September 2017		56,564
Council 27 June 2017 – Jedburgh Learning Campus	781	
Delegated powers – Selkirk Streetscape	28	
In Year Budget Movements		809
Latest Approved Capital Plan 2017/18 at 31 October 2017		57,373

- 3.2 The presentation of the monitoring tables in Appendix 1 focuses on the three year Operational Plan of the approved 10 year Capital Financial Plan. The first section of the tables in Appendix 1 focuses in detail on the 2017/18 position, there are three columns each for 2018/19 and 2019/20 and then three columns for the 7 year strategic plan 2020/21 to 2026/27. Below the tables, a narrative is provided where appropriate.
- 3.3 As highlighted in the previous monitoring report, some areas of system functionality in Business World have not yet been fully developed. For this reason the existing methodology of agreeing financial projections with managers has continued in compiling these statements.
- 3.4 This report is the second monitoring report in the planned reporting schedule for 2017/18.

4 MONITORING THE PLAN

- 4.1 Appendix 1 to this report contains the budget monitoring tables. The actual expenditure to 30 September 2017 is shown together with the projected outturn for the full financial year and where appropriate contains an explanation of budget movements. Appendix 2 also contains any budget and timing movements approved by the Chief Financial Officer and Service Director Assets & Infrastructure under the Financial Regulations approved in June 2016.
- 4.2 The actual expenditure to 30 September 2017 has been adjusted for any credit balances for accrued expenses from 2016/17 which have not yet been invoiced.
- 4.3 Appendix 2 contains a summary for each block allocation within the 2017/18 Capital Plan of approved and proposed proposals for various projects and programmes.
- 4.4 Appendix 3 contains a summary of variances analysed between budget virements and timing movements proposed for 2017/18 as part of this report.

- 4.5 Appendix 4 contains a list of estimated whole project capital costs for single projects where the project will not be completed in the current financial year.

5 SPECIFIC ISSUES

5.1 The following sections identify the other key areas of note within the Appendix 1 tables.

5.2 **Plant & Vehicle Replacement – P&V Fund**

The projection for 2017/18 has been reduced by £0.734m to reflect the current projection for items anticipated to be delivered this financial year. The projected purchases are being fully funded from the Plant & Vehicle Replacement Fund.

5.3 **Other Fleet**

Gross up of budget to reflect a grant for Electric Vehicle Charging Points to £0.1m which is fully funded by Scottish Government.

5.4 **Energy Efficiency Works**

A timing movement is required for £0.5m to 2018/19 to reflect the anticipated delivery timescale of Non-Domestic Energy Efficiency (NDEE) works. The tendering process is due to be undertaken and awarded this financial year.

5.5 **Health and Safety Works**

A virement of £0.150m is required from the School Estate Block in order for works to be undertaken on school toilet refurbishments and school security improvements in various locations.

5.6 **A72 Dirtpot Corner - Road Safety Works**

A timing movement is required for £0.150m to 2018/19 as the level of design team input will be less this financial year than originally anticipated due to the extent of work undertaken in the previous financial year. The overall project delivery profile is unchanged.

5.7 **Duns Primary School & Locality Support Centre**

A virement of £0.1m from the School Estate Block is required in order to provide enhancements to the Special Educational Needs provision at the school not included in the original specification.

5.8 **Langlee Primary School**

A virement of £0.1m from the Early Learning and Childcare and School Estate Block is required in order to provide enhancements at the school not included in the original specification.

5.9 School Estate Block

A number of virements totalling £0.230m are required to the 3 new primary schools in order to provide enhancements not included in the original specifications. A virement of £0.150m is required to Health and Safety Works to carry out a number of minor capital projects in schools. A timing movement is required for £0.350m to reflect the latest profile for works to enhance the accommodation for ASN provision at Galashiels Academy.

5.10 Planned Programme Adjustments

All timing movements due to be funded from Council borrowing are being offset against this budget. For this monitoring report the budget is being reduced by £1.102m to £2.891m.

5.11 Emergency & Unplanned Schemes

The table below provides an update on the projected position of the Emergency & Unplanned Schemes:

	£000s
Budget as Approved at Executive 5 September 2017	285
Executive - 5 September 2017 – Wilton Lodge Park	(285)
Projected Balance	<hr/> 0

6 IMPLICATIONS

6.1 Financial

- (a) There are no financial implications beyond those contained in the report and appendices.
- (b) Any capital borrowing requirements associated with these changes will be managed in line with the approved Treasury Strategy from approved budgets. The principal part of the capital financial plan is funded by long term loans and the resultant loan charges are reported within the revenue monitoring reports.

6.2 Risk and Mitigations

- (a) At the end of September 2017, actual expenditure totalled £12.942m which represents 22% of the projected outturn, excluding the impact of large accruals. There is a risk of timing movements this financial year some of which has already been highlighted in narrative in Appendix 1. It is vital that capital budgets continue to be monitored carefully through the Project Managers and that their outturn projections are as accurate as possible.
- (b) Key risks associated with individual projects have been identified within the narrative and the individual project managers are undertaking the appropriate work to manage these.

6.3 **Equalities**

No Equalities Impact Assessment has been carried out in relation to the Capital Monitoring report; it is, however, expected that for individual projects this work will have been undertaken by the relevant project manager/budget holder prior to budget being approved.

6.4 **Acting Sustainably**

There are no direct economic, social or environmental issues with this report although there may be within individual projects and these will be identified and addressed as appropriate as part of their specific governance arrangements.

6.5 **Carbon Management**

There are no direct carbon emissions impacts as a result of this monitoring report; however, there may be within individual projects and these will be identified and addressed as appropriate as part of their specific governance arrangements.

6.6 **Rural Proofing**

This report does not relate to new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

6.7 **Changes to Scheme of Administration or Scheme of Delegation**

No changes to the Scheme of Administration or Delegation are required as a result of this report.

7 CONSULTATION

7.1 The Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted in the preparation of this report and any comments received incorporated into the report.

7.2 The Service Director Assets & Infrastructure has been consulted in the preparation of this report and the content of the detailed appendices and any comments incorporated.

Approved by

David Robertson
Chief Financial Officer

Signature

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Background Papers: None

Previous Minute Reference: None

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