
CAPITAL FINANCIAL PLAN 2017/18 – FINAL UNAUDITED OUTTURN

Report by Chief Financial Officer

EXECUTIVE COMMITTEE

19 June 2018

1 PURPOSE AND SUMMARY

- 1.1 This report provides the Executive Committee with a statement comparing the final capital outturn for 2017/18 with the final budget for the year and identifies the main reasons for any significant variations.**
- 1.2 The final capital outturn statement for 2017/18 is included at Appendix 1 and includes the reasons identified by the Project Managers and Budget Holders for the variances to the final approved budget. This identifies an outturn expenditure of £36.016m which is £7.378m below the final revised budget of £43.394m.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Executive Committee:**
 - (a) Agrees the final outturn statement in Appendix 1;**
 - (b) Agrees the additional allocation of £0.121m to the Roads network from Emergency & Unplanned funds including surface defect rectification following the winter;**
 - (c) Notes the adjustments to funding in Appendix 1;**
 - (d) Notes the final block allocations in Appendix 2;**
 - (e) Approves the block allocations in Appendix 3; and**
 - (f) Notes the whole project costs detailed in Appendix 4.**

3 BACKGROUND

- 3.1 The Council approved the original Capital Financial Plan for 2017/18 on 9 February 2017 and detailed budgetary control reports were presented to the Executive Committee in September, and November 2017 and February 2018.
- 3.2 The monitoring reports contained actual expenditure to date, together with the latest budget and projected outturn. The resultant variances were then analysed between in-year variances (i.e. timing issues) and overall project savings or overspends. Comments were provided for material variances. The outturn at 31 March 2018 will adjust the 2018/19 budget with movements carried forward in line with the Financial Regulations.
- 3.3 The table below shows the movements in the resources of the Capital Plan since the last monitoring report to the Executive Committee on 14 February 2017:

	£000s
Capital Plan 2017/18 as Approved Executive Committee 14 February 2018	42,937
Land & Property Infrastructure CFCR	65
ICT transformation CFCR	378
Sir Walter Scott contribution from Selkirk Common Good	14
Revised Capital Plan 2017/18	43,394

- 3.4 To complete the annual cycle of reporting this report compares the final budget for the year with the final, but as yet unaudited, outturn.

4 FINAL OUTTURN STATEMENT

- 4.1 Appendix 1 to this report contains the final outturn statement for the Capital Financial Plan for 2017/18 for each of the services in the Plan with the actual expenditure to 31 March 2018. The latest approved budget includes all approvals made up to and including 31 March 2018.
- 4.2 The final outturn shows a final net variance of £7.378m against the current approved budget as a result of timing movements between financial years. This makes the total net movement between 2017/18 and future years £14.605m (25.3% of total budget). See the chart in 4.11 below. As a result of this budget movement between years, the estimated borrowing element of the capital financing for 2017/18 has been reduced. This has a short term revenue benefit for the Council due to the delay of statutory capital repayments through the revenue account and reduced interest payments on external borrowing.
- 4.3 Appendix 2 contains a summary of the final out-turn position for each block contained within the 2017/18 Capital Plan.
- 4.4 Appendix 3 contains a summary for each block allocation within the 2018/19 Capital Plan of approved and proposed proposals for various projects and programmes.
- 4.5 Appendix 4 contains a list of estimated whole life project costs for those key schemes where the project has not been completed in the financial year 2017/18.

4.6 Key highlights from variances in Appendix 1 are:

(a) **Hawick Flood Protection**

Work has been progressing more quickly than anticipated resulting in a forward timing movement of £0.412m being required from 2018/19.

(b) **Energy Efficiency works**

A timing movement to 2018/19 is required as identified works will now be completed in 2018/19.

(c) **Roads & Bridges**

A timing movement is required to 2018/19 as a result of a delay in the planned programme of works due to the severe winter weather experienced in February and March 2018. An allocation of £5.7m in 2018/19 is available as a result of base budget and timing movements to allow programme delivery.

(d) **ICT Transformation**

A timing movement into 2018/19 of £2m is required to reflect the timing profile of IT transformation with work now planned to be delivered in 2018/19.

(e) **Early Learning and Childcare**

A timing movement is required for the Early Years facility at St Boswells to reflect the latest construction works profile.

(f) **School Estate block**

A timing movement is required in the School Estate block to reflect the current programme for delivery of works.

4.8 **Emergency & Unplanned Schemes**

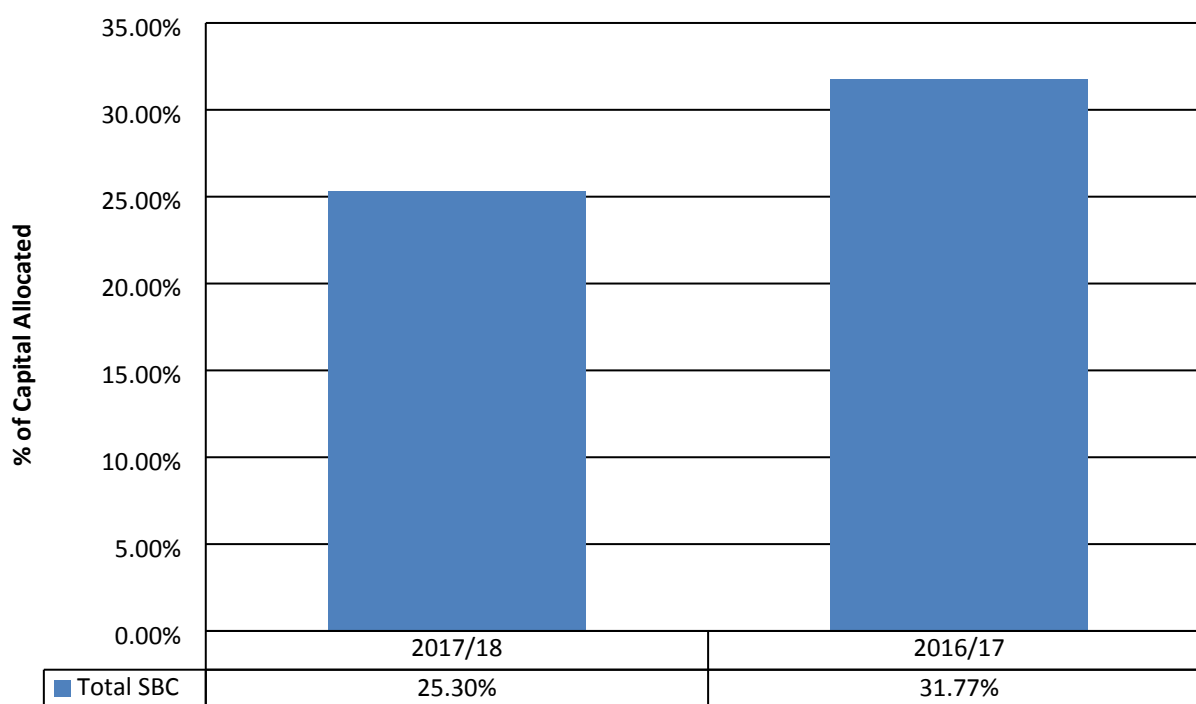
The table below provides an update on the position for Emergency & Unplanned Schemes:

	£000s
Budget per Capital Financial Plan monitoring report, Executive Committee 14 February 2018	137
Cost saving - Hawick 3G	17
Cost Saving – Galashiels Developments for GIRR1-3	177
Galashiels Masterplanning additional survey works	(28)
Duns PS final stage commissioning costs	(51)
Langlee PS final stage commissioning costs	(131)
Allocation of Emergency & Unplanned balance to Roads block	(121)
Out-turn Balance	0

4.10 As reflected in the table above it is proposed that the net balance of funding of £0.121m for emergency and unplanned budget in 2017/18 will be used to enhance the condition of the roads network in 2018/19.

4.11 The total timing movements during 2017/18 have reduced from the previous year as shown in the table on the following page.

Capital Timing Movement 2016/17 & 2017/18



5 IMPLICATIONS

5.1 Financial

There are no financial implications beyond those contained in the report and Appendices 1-4.

5.2 Risk and Mitigations

There is a small risk that the final outturn may change as the quality assurance and external audit continues on the final accounts for 2017/18. The processes for project management and ensuring sound budgetary control is maintained are subject to regular review and discussion with individual project managers and Service Directors. This process ensures that the Council aligns its management of the capital programme as closely as possible with the best practice guidance set out in the Accounts Commission 'Major capital investment in councils' publication. Each capital project has appropriate risk management and associated risk registers in place, following the Corporate Risk Management Policy and Framework, to ensure that risks are identified and managed to an acceptable level.

5.3 Equalities

No Equalities Impact Assessment has been carried out in relation to the contents of this 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.

5.4 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.

5.5 **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.

5.6 **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.

5.7 **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.

6 **CONSULTATION**

6.1 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.

6.2 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: n/a

Previous Minute Reference: n/a

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