
CAPITAL FINANCIAL PLAN 2015/16 – FINAL UNAUDITED OUTTURN

Report by Chief Financial Officer

EXECUTIVE COMMITTEE

7 June 2016

1 PURPOSE AND SUMMARY

- 1.1 This report provides the Executive Committee with a statement comparing the final capital outturn for 2015/16 with the final budget for the year and identifies the main reasons for any significant variations.**
- 1.2 The final capital outturn statement for 2015/16 is included at Appendix 1 and includes reasons that have been identified by the Project Managers and Budget Holders for the variances to the final approved budget. This identifies an outturn expenditure of £44.953m which is £2.956m below the final revised budget of £47.909m.
- 1.3 The chart in paragraph 4.6 demonstrates that there has been an increase in the cumulative net movement between 2015/16 and future financial years compared to the previous financial year.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Executive Committee:**
 - (a) Agrees the final outturn statement in Appendix 1;**
 - (b) Notes the adjustments to funding in Appendix 1;**
 - (c) Notes the final block allocations in Appendix 2; and**
 - (d) Notes that the results will inform the capital planning, monitoring and control processes for the current (and future) years.**

3 BACKGROUND

- 3.1 The Council approved the original Capital Financial Plan for 2015/16 on 12 February 2015 and detailed budgetary control reports were presented to the Executive Committee in September and November 2015 and February 2016.
- 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 variances at 31 March 2016 will adjust the 2016/17 budget 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 16 February 2016:

	£000s
Capital Plan 2015/16 as Approved Executive Committee 16 February 2016	47,809
Revenue funding for capital expenditure (CFCR)	100
Revised Capital Plan 2015/16	47,909

- 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 2015/16 for each of the departments in the Plan with the actual expenditure to 31 March 2016. The latest approved budget includes all approvals made up to and including 31 March 2016.
- 4.2 The final outturn shows a net variance of £2.956m against the current approved budget, of which the expenditure movements between financial years is £2.182m. This makes the total net movement between 2015/16 and future financial years £12.198m (21% of total budget). See the chart in paragraph 4.6 below.
- 4.3 As a result of the £2.182m of net budget movement between years identified in the programme (see Appendix 1), the estimated borrowing element of the capital financing for 2015/16 has been reduced. This will have a short term revenue benefit for the Council due to the delay of statutory capital repayments through the revenue account and any interest payments on external borrowing.
- 4.4 Key highlights from variances in Appendix 1 are:

(a) **Transport Interchange**

- (i) The demolition works for the old bus station could not be undertaken before 31 March due to delays with utility disconnections, resulting in a timing movement of £0.118m.
- (ii) A change in the eligible expenditure criteria for external funding and items not reaching defrayal before project financial close has resulted in the total grant receivable for the project being reduced by £0.251m. This is being funded as follows while discussions continue between senior officers at Scottish Government regarding the funding of this project:

	£000s
Reduction in external grant receivable	(251)
Funded by:	
Emergency and Unplanned Schemes	242
Borrowing	9

(b) **General Roads and Bridges Block**

A number of projects have been delayed due to the priority given to works following the severe winter storms, resulting in a timing movement of £0.310m to 2016/17.

(c) **Selkirk Traffic Management Scheme**

Scheme solution negotiations are still ongoing with members and community representatives, resulting in a timing movement of £0.101m to 2016/17.

(d) **Selkirk Flood Protection**

Main works contract progress better than latest profile, resulting in a forward timing movement to 2015/16 of £0.411m.

(e) **CRC – Improved Skip Infrastructure**

The project at Eshiels has been delayed due to prioritisation of works following the severe winter storms and works at Hawick are still to be completed, resulting in a timing movement of £0.152m to 2016/17.

(f) **HQ Main Office Block**

On-site works have progressed better than estimated by contractor, resulting in a forward timing movement to 2015/16 of £0.160m.

(g) **Duns Primary School & Locality Support Centre**

Contractor on-site progress is behind schedule and current programme. An updated programme and mitigation schedule is being sought to ensure the overall project completion remains on target. This has resulted in a timing movement of £0.472m to 2016/17.

(h) **Kelso High School**

Off-site works started later than anticipated, resulting in a timing movement of £0.173m to 2016/17.

(i) **Wilton Lodge Park**

Due to a requirement for extensive value engineering, the café and bridge contract was not awarded before the end of the financial year. The outdoor education area works start date is also delayed due to material lead times. This has resulted in a timing movement of £0.197m to 2016/17.

(j) **Borders Railway Stations**

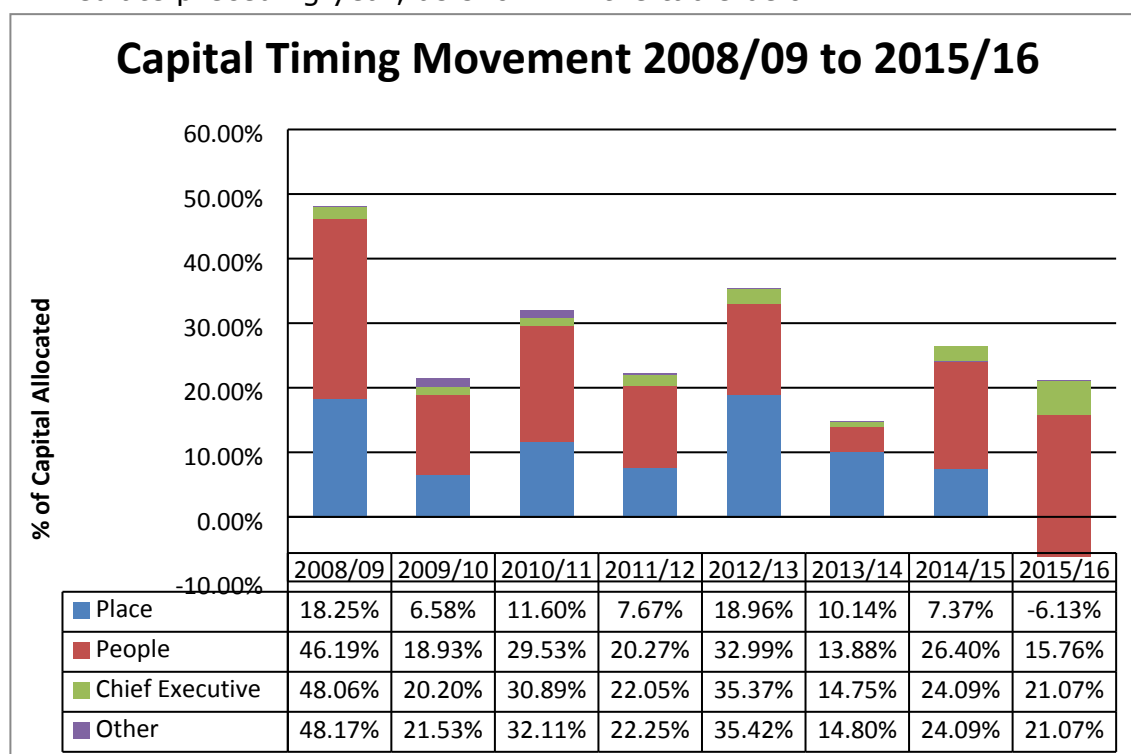
A number of completion works are still outstanding, including the installation of touchscreens, resulting in a timing movement of £0.102m to 2016/17.

4.5 **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 16 February 2016	125
Galashiels Flood Protection - saving	81
Dunion Landfill Gas Management - saving	2
Office Accommodation Transformation Block	8
Stow PS Accommodation Works - in year saving	16
Eyemouth Seafood Technology Park - saving	5
LUPS Strategic Business Land - saving	16
Allocation to fund shortfall in external grant for Transport Interchange	(242)
Allocation to Kelso Recycling Centre	(9)
Allocation to Clovenfords Primary School	(2)
Out-turn Balance	0

4.6 Timing movements from 2015/16 have slightly increased compared to the immediate preceding year, as shown in the table below.



4.7 The main items which have impacted on the overall 2015/16 timing movement to future years are:

- (a) Selkirk Flood Protection (forward timing movement)

- (b) Duns Primary School
 - (c) Early Learning and Childcare
 - (d) Peebles 3G Synthetic Pitch
- 4.8 The circumstances for the requirement to re-profile project budgets have been reported to Committee throughout the year and, in some circumstances, been outwith the control of the Council.

5 IMPLICATIONS

5.1 Financial

There are no financial implications beyond those contained in the report and Appendix 1.

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 2015/16.

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, the Clerk to the Council and the Service Director Assets and Infrastructure have been consulted in the preparation of this report and any comments received on the report have been incorporated into the report.

Approved by

David Robertson
Chief Financial Officer

Executive Committee, 7 June 2016

Signature

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Background Papers: n/a

Previous Minute Reference: n/a

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