
CAPITAL FINANCIAL PLAN 2016/17 – FINAL UNAUDITED OUTTURN

Report by Chief Financial Officer

EXECUTIVE COMMITTEE

20 June 2017

1 PURPOSE AND SUMMARY

- 1.1 This report provides the Executive Committee with a statement comparing the final capital outturn for 2016/17 with the final budget for the year and identifies the main reasons for any significant variations.**
- 1.2 The final capital outturn statement for 2016/17 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 £51.547m which is £7.740m below the final revised budget of £59.266m.
- 1.3 The chart in paragraph 4.9 shows that there has been an increase in the cumulative net movement during 2016/17, compared to the previous financial years.

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;**
 - (d) Approves the block allocations in Appendix 3; and**
 - (e) Notes the whole project costs detailed in Appendix 4.**

3 BACKGROUND

- 3.1 The Council approved the original Capital Financial Plan for 2016/17 on 11 February 2016 and detailed budgetary control reports were presented to the Executive Committee in September and November 2016 and February 2017.
- 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 2017 will adjust the 2017/18 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 14 February 2016:

	£000s
Capital Plan 2016/17 as Approved Executive Committee 14 February 2017	59,198
Cycling & Walking Safer Streets – Executive 21 st March 2017	59
Synthetic Pitch Replacement Fund – Executive 14 th Feb 2017	88
Technical adjustment for CFCR	(21)
Technical adjustment – Police & Fire funds 2013/14	(58)
Revised Capital Plan 2016/17	59,266

- 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 2016/17 for each of the departments in the Plan with the actual expenditure to 31 March 2017. The latest approved budget includes all approvals made up to and including 31 March 2017.
- 4.2 The final outturn shows a net variance of £7.72m against the current approved budget, of which the expenditure movements between financial years is £7.443m. This makes the total net movement between 2016/17 and future financial years £24.040m (31.7% of total budget). See the chart in paragraph 4.6 below.
- 4.3 As a result of the £7.443m of net budget movement between years identified in the programme (see Appendix 1), the estimated borrowing element of the capital financing for 2016/17 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 Appendix 2 contains a summary of the final out-turn position for each block

contained within the 2016/17 Capital Plan.

- 4.5 Appendix 3 contains a summary for each block allocation within the 2017/18 Capital Plan of approved and proposed proposals for various projects and programmes.
- 4.6 Appendix 4 contains a list of estimated whole project costs for single projects where the project will has not been completed in the financial year 2016/17.
- 4.7 Key highlights from variances in Appendix 1 are:
- (a) **Street Lighting Energy Efficiency Project**
Final phase of project delayed due to Procurement challenge which was successfully defended. Goods have been ordered but due to lead times a timing movement of £0.516m is required.
 - (b) **Duns Primary School & Locality Support Centre**
As a consequence of a small delay to the original completion date of the project, and by subsequent agreement with Hub South East, it has been possible to instruct a number of desirable amendments prior to the school opening in August 2017 which has resulted in a timing movement of £0.501m
 - (c) **Broomlands Primary School**
While work on site is currently behind programme, the contractor has intimated that they still intend to complete as planned in November 2017. Given the variance in the project cashflow profile however, this has resulted in a timing movement of £1.019m.
 - (d) **ICT Transformation**
Work is ongoing with CGI to complete implementation of Business World. The work for Digital Customer Access has been paused pending demonstration from CGI and their 3rd party providers that the solution is best placed to meet our overall future strategic objectives. This has resulted in a timing movement of £2.642m

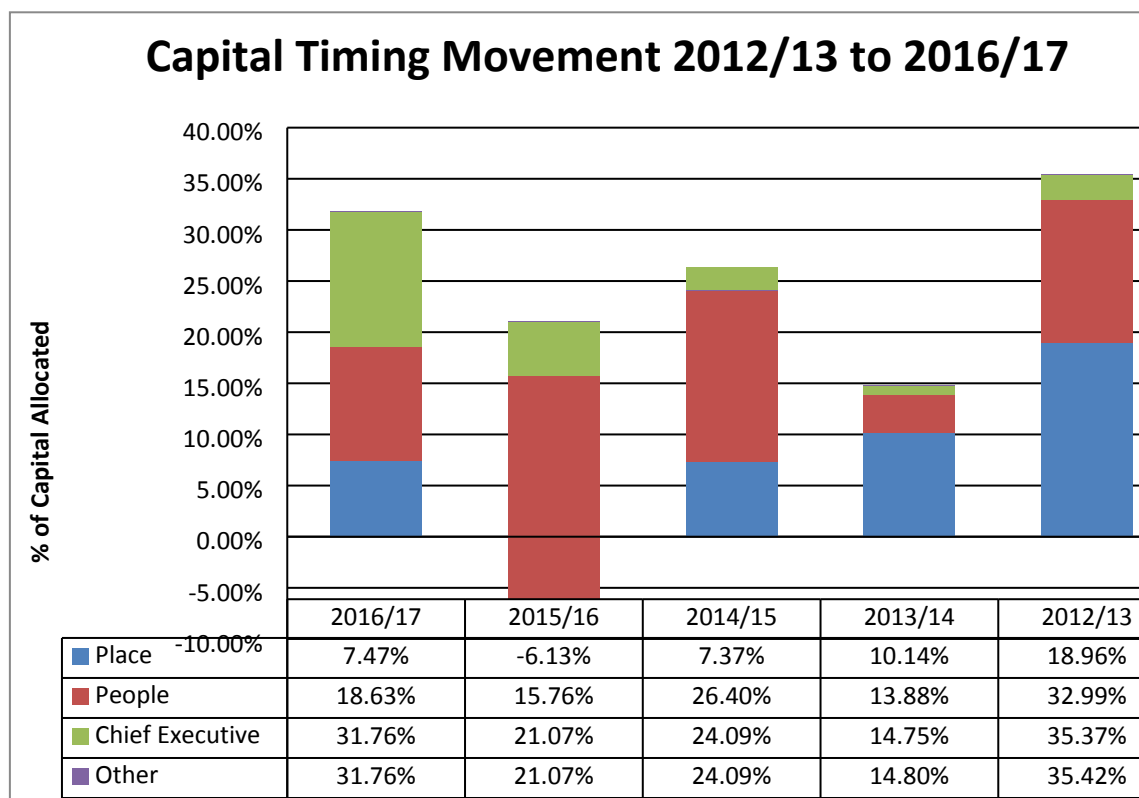
4.8 **Emergency & Unplanned Schemes**

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 2017	88
Allocation to Hawick Town Centre & Trimontium – approved 2 March 2017	(110)
Overspend – Transport Interchange	(3)
Cost saving – Waverly Black Path	2
Cost saving – Wheelie Bins	10
Cost saving – Eshiels recycling	20
Kelso High School – unrequired contingency	129

Cost saving – Stow Primary School	3
Cost saving – Fir compartments	10
Allocation to ICT Transformation	(148)
Out-turn Balance	1

4.9 The total timing movements during 2016/17 to future years have slightly increased compared to the immediate preceding year, as shown in the table below.



4.10 The main items which have impacted on the total 2016/17 timing movement to future years are:

- (a) Street Lighting Energy Efficiency – due to procurement challenge
- (b) Roads & Bridges Block- due to funds being successfully recouped via Bellwin claim
- (c) Broomlands Primary School – due to revised contractor schedule of works
- (d) Early Learning and Childcare Block – due to rephrasing of key projects.
- (e) ICT Transformation – due to delayed Digital Customer Access
- (f) Great Tapestry of Scotland – Building – due to opportunity and agreement of revised site location.

4.11 The circumstances for the requirement to re-profile project budgets have been reported to Committee throughout the year and, in some circumstances, have been out with 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 2016/17.

The Risk implications associated with the increase in total net movement between years for capital programmes and projects will be evaluated and appropriate mitigation actions put in place. Improvements to fully achieve the Accounts Commission good practice recommendations '*Major capital investment in councils*' were agreed with the Service Director Assets & Infrastructure during recent Internal Audit assurance work on Capital Investment which are designed to enhance information on capital projects (quality, risk and delivery of benefits) and enable more effective review, scrutiny and challenge by Elected Members. Internal Audit findings were presented to the Council's Audit and Risk Committee on 28 March 2017

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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