
CAPITAL FINANCIAL PLAN 2014/15 – FINAL UNAUDITED OUT-TURN

Report by Chief Financial Officer

EXECUTIVE COMMITTEE

9 June 2015

1 PURPOSE AND SUMMARY

- 1.1 **This report provides the Executive Committee with a statement comparing the final capital out-turn for 2014/15 with the final budget for the year, and to identify the main reasons for any significant variations.**
- 1.2 The final capital out-turn statement for 2014/15 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 out-turn expenditure of £31.401m which is £3.360m below the final revised budget of £34.764m.
- 1.3 The chart in paragraph 4.6 demonstrates that there has been an increase in the cumulative net movement between 2014/15 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 out-turn statement in Appendix 1;**
 - (b) **Notes the adjustments to funding in Appendix 1;**
 - (c) **Notes that the results will inform the capital planning, monitoring and control processes for the current (and future) years; and**
 - (d) **Agree to an update report on Duns PS being brought to Committee as soon as practicable.**

3 BACKGROUND

- 3.1 The Council approved the original Capital Financial Plan for 2014/15 on 6 February 2014, and detailed budgetary control reports were presented to the Executive Committee in September, November, December 2014 and February 2015.
- 3.2 The monitoring reports contained actual expenditure to date, together with the latest budget and projected out-turn. The resultant variances were then analysed between in year variances (i.e. timing issues) and overall savings or overspends. Comments were provided for material variances. The variances at 31 March 2015 will adjust the 2014/15 budget in line with the Financial Regulations, paragraph 7.19.
- 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 24 February 2015:

	£000s
Capital Plan 14/15 as Approved Executive Committee 24 February 2015	34,239
Stow PS Accommodation Works approved Executive Committee 24 February 2015	3
Revenue funding for capital expenditure (CFCR)	522
Revised Capital Plan 2014/15	<u>34,764</u>

- 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, out-turn.

4 FINAL OUT-TURN STATEMENT

- 4.1 **Appendix 1** to this report contains the final out-turn statement for the Capital Financial Plan for 2014/15 for each of the 3 themes of the Plan with the actual expenditure to 31 March 2015. The latest approved budget includes all approvals made up to and including 31 March 2015.
- 4.2 The final out-turn shows a net variance of £3.363m against the current approved budget, of which the expenditure movements between financial years is £2.231m. This makes the cumulative net movement between 2014/15 and future financial years £10.147m (24.1% of total budget). See the chart in paragraph 4.6 below.
- 4.3 A listing of the net variances, analysed between timing movements and budget movements is shown in **Appendix 1, page 2**.
- 4.4 As a result of the £2.231m of net budget movement between years identified in the programme (see **Appendix 1**), the estimated borrowing element of the capital financing for 2014/15 has been reduced. This will have a short term revenue benefit for the Council due to the delay in the start the statutory capital repayments through the revenue account and any interest payments on the assumed levels of external borrowing.
- 4.5 Key highlights from variances in Appendix 1 are:

(a) **Transport Interchange**

Progress towards target completion date being made and position at 31st March 2015 better than previously forecast. This has resulted

in a higher expenditure (£0.344m) in year compared to the last reported projection funded from budget brought forward from future years.

(b) **Roads (including RAMP & Winter Damage)**

The scheme at Hunters Bridge, Galashiels is being undertaken in 2015/16 and some smaller planned works could not be completed before the end of March.

(c) **Galashiels Flood Protection**

Following completion of the majority of the project, a technical budget adjustment is required to realign resulting in a residual underspend of £0.199m being allocated to Emergency and Unplanned Schemes. The timing movement of £0.342m is required to complete the outstanding works and related costs which is dependent on the railway becoming operational.

(d) **Selkirk Flood Protection**

Progress with main works has resulted in expenditure higher than previously projected, resulting in a budget being brought forward of £0.439m.

(e) **Kelso Community Recycling Centre**

The facility opened in May 2015, with an associated timing movement (£0.126m) to 2015/16 to reflect profile of actual expenditure on works.

(f) **Plant & Vehicle Replacement**

The budget movement shown is due to a reduction in the expected vehicle deliveries to be achieved in the financial year. This has been due to supplier delays nationally, however these deliveries are due in the first quarter of 2015/16. This budget is funded from the Plant & Vehicle Fund so there is no direct impact on revenue or capital budgets.

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

The enabling works and procurement have not progressed as planned, requiring budget to be moved to 2015/16 (£0.293m). The project scope and affordability of options are being reviewed by the project team and a report updating members will be brought to Committee as soon as practical.

(h) **Early Years Centres**

Programming of works to minimise disruption during term time has impacted on the expenditure timing profile by £0.109m. A number of projects, including Burnfoot and Eyemouth Primary Schools, are due to have works carried out in Summer 2015.

(i) **Early Learning and Childcare**

Identified projects have design and works spanning two financial years resulting in a timing movement of £0.101m. Several of the larger projects, including Burnfoot and Trinity Primary Schools, are due to have works carried out in Summer 2015 to minimise disruption in schools.

(j) **LUPS Strategic Business Land**

The works at Coldstream will not be completed until 2015/16 and a number of costs are still to be finalised resulting in a timing movement of £0.106m.

(k) **Kelso Townscape Heritage Initiative**

The final account for the Horsemarket Business Centre has not yet been finalised and retrospective change in EU funding has decreased the eligible costs for the project, resulting in an increase in ineligible costs to be fully funded by the Council resulting in a requirement for a timing movement (£0.030m). In relation to other elements of the programme, there is a £0.100m saving which is no longer required by the programme and has been reallocated to Emergency and Unplanned Schemes.

(l) **Wilton Lodge Park**

Cost pressures in relation to tender prices have led to a requirement for value engineering exercises which have impacted on the expenditure profile between financial years however this does not affect the overall programme budget.

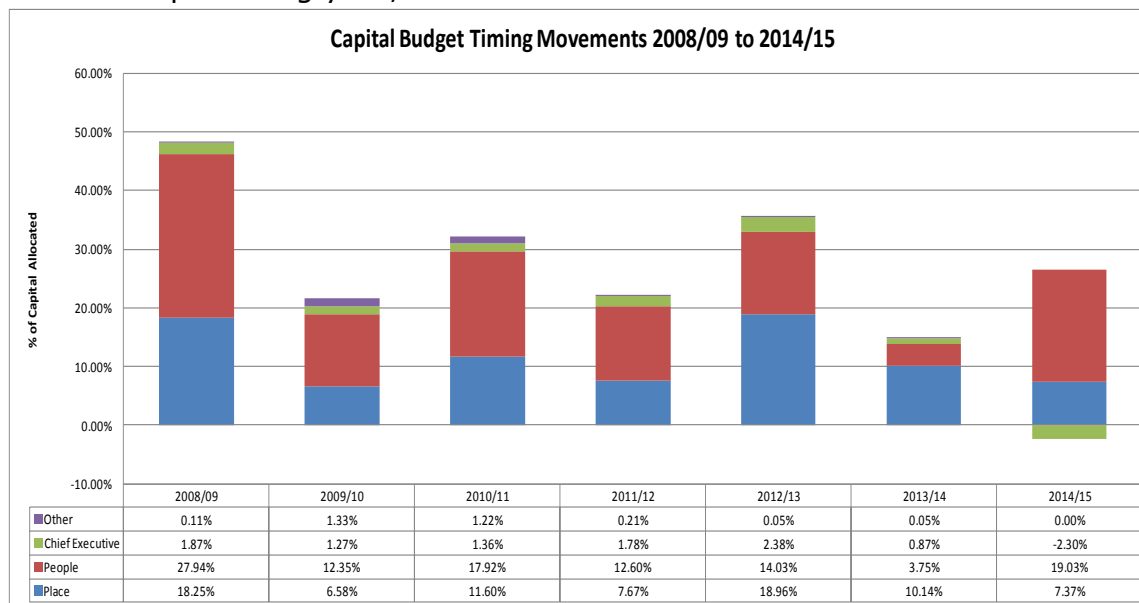
4.6 **Emergency & Unplanned Schemes**

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

	£000s
Budget per Capital Financial Plan monitoring report, Executive 24 February 2015	3
Allocation to Stow Primary School	(3)
Funds received from Galashiels Flood Protection	158
Funds received from Bus Systems Dev & Minor IT Projects	5
Funds received from Kelso THI	100
Allocation to Clovenfords PS	(27)
Allocation to Demolition and Site Preparation	(45)
Allocation to 31/33 High Street, Jedburgh	(2)
Out-turn Balance	189

It is proposed that the balance remaining of £0.189m is carried forward to increase this budget in 2015/16.

4.7 Timing movements from 2014/15 have increased compared to the immediate preceding year, as shown in the table below.



The main items which have impacted on the overall 2014/15 timing movement to future years are:

- Selkirk Flood Protection
- Duns Primary School
- Kelso High School
- Early Learning and Childcare

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 out-turn may change as the quality assurance and external audit continues on the final accounts for 2014/15.

5.3 Equalities

It is anticipated that there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

5.4 Acting Sustainably

There are no direct economic, social or environmental issues associated with this report.

5.5 **Carbon Management**

There are no direct carbon emissions impacts as a result of this monitoring report.

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 Service Director Strategy and Policy, the Chief Officer Audit and Risk, the Chief Officer HR, the Service Director Commercial Services and the Clerk to the Council have been consulted in the preparation of this report and comments received have been incorporated into the paper.

Approved by

Chief Financial Officer

Signature

Author(s)

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Background Papers: n/a

Previous Minute Reference: n/a

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APPENDIX 1

See attached documents.