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## **MONITORING OF THE CAPITAL FINANCIAL PLAN 2018/19**

**Report by Chief Financial Officer**

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### **EXECUTIVE COMMITTEE**

**20 November 2018**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 This report updates the Executive Committee on the progress of the 2018/19 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 2018. Key issues identified in these tables are summarised within the main report.
- 1.3 The tables identify a projected net variance of £2.21m against the approved budget. The net in year budget decrease of £2.21m is primarily due to net budget timing movements to future years of £2.263m, the most significant of which Asset Rationalisation, £1.12m, Street Lighting, £0.505m and Waste Transfer Station £0.380m.
- 1.4 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 2018/19 Capital Plan.
- 1.5 Appendix 3 contains a list of estimated whole project capital costs for single projects which will not be completed in the current financial year.
- 1.6 CMT has arranged a session to review progress in delivery of the block programmes and projects within the capital plan. The aim of this exercise is to ensure the capital plan is realistic and to identify any areas where current practice with projects initiation, delivery and monitoring could be improved. This exercise will inform the development of the capital strategy for 2019 /20 onwards.

#### **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Executive Committee:**
  - (a) Agrees the projected outturns in Appendix 1 as the revised capital budget and approves the virements required;**
  - (b) Notes the 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) Notes the list of whole project costs detailed in Appendix 3;**
  - (e) Notes that CMT is reviewing progress in delivery of the block programmes and projects within the capital plan which will inform the development of the capital strategy for 2019 /20 onwards.**

### 3 BACKGROUND

- 3.1 The Council approved the Capital Plan for the period 2018/19 to 2027/28 on 20 February 2018, 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
<b>Capital Plan 2018/19 as approved at Council 20 February 2018</b>		<b>43,912</b>
<b>In Year Budget Movements</b>		<b>13,255</b>
<b>Latest Approved Capital Plan 2018/19 at 30 September 2018</b>		<b>57,167</b>

- 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 2018/19 position; there are three columns each for 2019/20 and 2020/21 and then three columns for the 7 year strategic plan 2021/22 to 2027/28. For 2018/19 the variance between the latest approved budget and the projected outturn is analysed between timing movements between financial years and absolute changes in costs (budget movements). For 2019/20 and 2020/21 the table presents the impact of the total variance projected between the latest approved budget and projected outturn. Below the tables, a narrative is provided where appropriate.
- 3.3 This report is the second monitoring report in the planned reporting schedule for 2018/19.

### 4 MONITORING THE PLAN

- 4.1 Appendix 1 to this report contains the budget monitoring tables. The actual expenditure to 30 September 2018 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 2018 has been adjusted for any credit balances for accrued expenses from 2017/18 which have not yet been invoiced.
- 4.3 Appendix 2 contains a summary for each block allocation within the 2018/19 Capital Plan of approved and proposed proposals for various projects and programmes.
- 4.4 Appendix 3 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 **Asset Rationalisation**

£1.12m timing movement for Property Rationalisation and Agile Working due to wider master planning approach being required to include how vacated parts of the HQ campus can be reused.

### 5.3 **Street Lighting Energy Efficiency project**

£0.505m timing movement to 2019/20 required due to a delay in procurement which is impacting on delivery.

### 5.4 **Waste Transfer Station**

£0.38m timing movement to 2019/20 is sought as the project is 5 weeks behind schedule, contractors are on site and project officers are working to minimise the delay.

### 5.5 **Emergency & Unplanned Schemes**

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

	<b>£000s</b>
Budget as Approved at Council 20 February 2018	<b>300</b>
Previous Year Timing Movement	(5)
Allocation as per Appendix 1 (Selkirk Streetscape)	(75)
<b>Projected Balance</b>	<b>220</b>

- 5.6 In developing the plan for the review of capital planning processes CMT has arranged a session to review progress in delivery of the block programmes and projects within the capital plan. The aim of this exercise is to ensure the capital plan is realistic and to identify any areas where current practice with projects initiation, delivery and monitoring could be improved. This exercise will inform the development of the capital strategy for 2019 /20 onwards.

## **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 2018, actual expenditure totalled £16.075m which represents 29% 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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