
MONITORING OF THE CAPITAL FINANCIAL PLAN 2018/19

Report by Chief Financial Officer

EXECUTIVE COMMITTEE

12 February 2019

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 31 December 2018. Key issues identified in these tables are summarised within the main report.
- 1.3 The tables identify a projected net variance of £1.52m against the approved budget. The net in year budget decrease of £1.52m is partly due to net budget timing movements to future years of £2.722m, the most significant of which are Reston Station £0.600m, Depot enhancement £0.297m, Play Areas and Outdoor Community Spaces £0.267m, Jim Clark Museum £0.244m, Hawick Regeneration £0.200m, Energy Efficiency £0.200m and Asset Rationalisation £0.200m. These timing movements are offset by budget increases of £1.2m primarily relating to £0.738m in Roads and Bridges, £0.225m Wilton Lodge Park and £0.153m Electric Vehicles.
- 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.

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; and**
 - (d) Notes the list of whole project costs detailed in Appendix 3.**

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
Capital Plan 2018/19 as approved at Council 20 February 2018		43,912
In Year Budget Movements		21,271
Latest Approved Capital Plan 2018/19 at 31 December 2018		65,183

- 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 third 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 31 December 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 November 2018.
- 4.2 The actual expenditure to 31 December 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 **Reston Station**

£0.600m timing movement to 2019/20 due to the coordination of Transport Scotland programme of works.

5.3 Depot Enhancement

£0.297m timing movement to 2019/20 required due to further consideration of a wider depot rationalisation project.

5.4 Play Areas and Outdoor Community Spaces

£0.267m timing movement to 2019/20 relating primarily to delays in the procurement process for work being carried out at Sheddon Park in Kelso and Wilton Lodge Pump Track.

5.5 Jim Clark Museum

£0.244m timing movement to align with project timescales.

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

	£000s
Budget as Approved at Council 20 February 2018	300
Previous Year Timing Movement	(35)
Allocation as per Appendix 1 (Selkirk Streetscape)	(75)
Allocation as per Appendix 1 (Market Place Jedburgh)	(20)
Projected Balance	170

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 December 2018, actual expenditure totalled £33.417m which represents 52% 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 Corporate Management Team have been consulted with any comments incorporated into the report. Any comments from the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council will be reported at the Executive Committee meeting.
- 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

Author(s)

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Background Papers: None

Previous Minute Reference: None

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