
CAPITAL FINANCIAL PLAN 2018/19 – FINAL UNAUDITED OUTTURN

**Report by Chief Financial Officer
EXECUTIVE COMMITTEE**

4 June 2019

1 PURPOSE AND SUMMARY

- 1.1 **This report provides the Executive Committee with a statement comparing the final capital outturn for 2018/19 with the final budget for the year and identifies the main reasons for any significant variations.**
- 1.2 The final capital outturn statement for 2018/19 is included at Appendix 1 and includes the reasons identified by the Project Managers and Budget Holders for the variances to the final approved budget. This identifies an outturn expenditure of £47.807m which is £16.673m below the final revised budget of £64.480m.

2 RECOMMENDATIONS

- 2.1 **It is recommended that the Executive Committee:**
 - (a) **Agrees the final outturn statement in Appendix 1;**
 - (b) **Agrees the remaining budget of £0.170m from Emergency & Unplanned is allocated to Selkirk Flood Protection Scheme;**
 - (c) **Notes the adjustments to funding in Appendix 1;**
 - (d) **Notes the final block allocations in Appendix 2;**
 - (e) **Approves the block allocations in Appendix 3; and**
 - (f) **Notes the whole project costs detailed in Appendix 4.**

3 BACKGROUND

- 3.1 The Council approved the original Capital Financial Plan for 2018/19 on 20 February 2018 and detailed budgetary control reports were presented to the Executive Committee in August and November 2018 and February 2019.
- 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 outturn at 31 March 2019 will adjust the 2019/20 budget with movements carried forward 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 12 February 2019:

	£000s
Capital Plan 2018/19 as Approved Executive Committee 12 February 2019	63,666
School Estate Block	23
A&I – Roads & Bridges	784
Tweedbank Development	7
Revised Capital Plan 2018/19	64,480

- 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 2018/19 for each of the services in the Plan with the actual expenditure to 31 March 2019. The latest approved budget includes all approvals made up to and including 31 March 2019.
- 4.2 The final outturn shows a final net variance of £16.232m against the current approved budget as a result of timing movements between financial years. This makes the total net timing movement between 2018/19 and future years £27.524m (37% of total budget). It should be noted that 10% of this timing movement is associated with external grants with this grant income being carried forward in full. As a result of this budget movement between years, the estimated borrowing element of the capital financing for 2018/19 has been reduced. This has a short term revenue benefit for the Council due to the delay of statutory capital repayments through the revenue account and reduced interest payments on external borrowing.
- 4.3 Appendix 2 contains a summary of the final out-turn position for each block contained within the 2018/19 Capital Plan.
- 4.4 Appendix 3 contains a summary for each block allocation within the 2019/20 Capital Plan of approved and proposed proposals for various projects and programmes.
- 4.5 Appendix 4 contains a list of estimated whole life project costs for those key schemes where the project has not been completed in the financial year 2018/19.
- 4.6 As reflected in Appendix 1 although there is timing movement with regards to the funding and expenditure associated with these projects they remain in overall healthy positions with regard to service delivery.

4.7 Key highlights from variances in Appendix 1 are:

(a) **Hawick Flood Protection**

Work has been progressing more quickly than anticipated resulting in a forward timing movement of £0.622m being required from 2019/20. Additional work undertaken for Sustrans (fully funded) required budget to be grossed up in 2018/19.

(b) **A72 Dirtpot Corner – road safety works**

A timing movement is required to 2019/20 (£0.779m) as a result of a delay in the delivery of bespoke pre-cast concrete units. The overall completion date remains early Summer 2019.

(c) **New Easter Langlee Waste Transfer Station**

A timing movement into 2019/20 (£0.903m) due to early issues in the construction for piling which has meant that finishing and fit out will now be delivered in May 2019. There is no impact on service delivery as capacity in the landfill site is being maximised.

(d) **IT Transformation**

A timing movement into 2019/20 of £1.267m is required to reflect project delivery timescales as per approved IT model.

(e) **Early Learning and Childcare**

A timing movement is required for the Early Years expansion (£3.530m) to reflect the latest planned programme of works.

(f) **Jedburgh Intergenerational campus**

A timing movement is required (£1.382m) to reflect profiling of the project. This funding will facilitate the purchase of loose furniture, offsite works and decant/decommissioning of the redundant primaries and Grammar school in the town in 2019/20. Project delivery remains on track with scheduled opening in 2020.

(g) **School Estate block**

A timing movement is required in the School Estate block (£2.983m) to reflect the current programme for delivery of works.

(h) **Great Tapestry of Scotland**

A timing movement is required (£0.972m) due to value engineering exercise resulting in delays in awarding the contract.

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 12 February 2019	170
Selkirk Flood Protection Scheme	(170)
Out-turn Balance	0

4.10 As reflected in the table above it is proposed that the net balance of funding of £0.170m for emergency and unplanned budget in 2018/19 will be used to fund pressures related to Selkirk Flood Protection Scheme (£0.170m) in 2019/20.

4.11 Included in the quarterly Capital monitoring to the Executive Committee in August 2018 officers committed to undertaking a review of the capital investment planning process to assess how well the Council is complying with

the best practice principles set out in the Audit Scotland guide. Due to competing priorities this review is yet to take place but will be prioritised in light of the timing movements reported at 2018/19 year end.

5 IMPLICATIONS

5.1 Financial

There are no financial implications beyond those contained in the report and Appendices 1-4.

5.2 Risk and Mitigations

There is a small risk that the final outturn may change during the external audit process as part of the final accounts for 2018/19. The processes for project management and ensuring sound budgetary control is maintained are subject to regular review and discussion with individual project managers and Service Directors. This process ensures that the Council aligns its management of the capital programme as closely as possible with the best practice guidance set out in the Accounts Commission 'Major capital investment in councils' publication. Each capital project has appropriate risk management and associated risk registers in place, following the Corporate Risk Management Policy and Framework, to ensure that risks are identified and managed to an acceptable level.

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 are being consulted and any comments received will be 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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