
2019/20 UNAUDITED CAPITAL OUTTURN

Briefing Note by Executive Director, Finance & Regulatory

EMERGENCY POWERS – COVID-19

20 May 2020

1 DECISION(S) REQUIRED BY CHIEF EXECUTIVE

1.1 I recommend that the Chief Executive notes:-

- (a) the capital outturn position for 2019/20 prior to Statutory Audit;
- (b) the adjustments to funding in Appendix 1;
- (c) the final out-turn position for each block contained within the 2019/20 Capital Plan in Appendix 2;
- (d) the whole project costs detailed in Appendix 4; and
- (e) approves the block allocations for 2020/21 in Appendix 3.

2 BACKGROUND AND PURPOSE

- 2.1 This report provides a statement comparing the final capital outturn for 2019/20 with the final budget for the year and identifies the main reasons for any significant variations.
- 2.2 The final capital outturn statement for 2019/20 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 £44.306m which is £7.805m below the final revised budget of £52.11m.
- 2.3 The Council approved the original Capital Financial Plan for 2019/20 on 28 February 2019 and detailed budgetary control reports were presented to the Executive Committee in August and November 2019 and February 2020.
- 2.4 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 2020 will adjust the 2020/21 budget with movements carried forward in line with the Financial Regulations.
- 2.5 The table below shows the movements in the resources of the Capital Plan since the last monitoring report to the Executive Committee on 11 February 2020:

	£000s
Capital Plan 2019/20 as Approved Executive Committee 11 February 2020	50.531
Hawick Flood Protection Scheme grossing up	2.969
Extra Care Housing adjustment between capital and revenue	(1.390)
Revised Capital Plan 2019/20	52.110

- 2.6 To complete the annual cycle of reporting this report compares the final budget for the year with the final, but as yet unaudited, outturn.
- 2.7 Appendix 1 to this report contains the final outturn statement for the Capital Financial Plan for 2019/20 for each of the services in the Plan with the actual expenditure to 31 March 2020. The latest approved budget includes all approvals made up to and including 31 March 2020.
- 2.8 The final outturn shows a final net variance of £8.361m against the current approved budget as a result of timing movements between financial years and a variance of £0.556m due to expenditure variances. This makes the total net timing movement between 2019/20 and future years £34.131m. As a result of this budget movement between years, the estimated borrowing element of the capital financing for 2019/20 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.
- 2.9 Appendix 2 contains a summary of the final out-turn position for each block contained within the 2019/20 Capital Plan.
- 2.10 Appendix 3 contains a summary of the approved block allocations for 2020/21 adjusted for timing movements from 2019/20.
- 2.11 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 2019/20.
- 2.12 Key highlights from variances in Appendix 1 are:
- a) **Plant & Vehicle**
Budget of £0.519m in 2019/20 has been reduced and allocated back to the Plant & Vehicle fund to reflect actual expenditure in the year.
 - b) **Hawick Flood Protection**
Timing movement of £1.112m on Hawick Flood Protection Scheme to reflect delays in the final quarter of 2019/20. The main works contract was awarded to McLaughlin and Harvey and a reprofile of the project budget in light of COVID-19 is being undertaken.
 - c) **Reston Station Contribution**
£0.6m budget has been transferred into 2020/21 to reflect the latest timing of the programme of work.
 - d) **School Estate Block**
£1.593m budget has been transferred into 2020/21 as a result of delays in the final quarter of 2019/20 from both the impact of the Peebles High School fire and COVID-19.

e) **Borders Town Centre Regeneration Block**

Timing movement of £1.324m to 2020/21 due to delays in the programme which have been supported by an extension in the grant period.

f) **Borders Innovation Park**

Timing movement of £0.677m to 2020/21 due to contract negotiation delays and the impact of COVID-19 restrictions.

2.13 **Emergency & Unplanned Scheme**

The Emergency & Unplanned budget was fully utilised at the February Executive reporting period.

2.14 A management review of Capital budgets will be undertaken in 2020/21, in light of the 2019/20 outturn position and emerging financial difficulties for the Council associated with COVID 19. The outcome and any impact on budgets and programmes of work will be reflected in the first quarterly monitoring report in 2020/21, based on June 2020 month end position.

3 **IMPLICATIONS**

3.1 **Financial**

There are no costs attached to any of the recommendations contained in this report its content being specifically related to reporting the capital plan outturn as at 31 March 2020.

3.2 **Risk and Mitigations**

There is a small risk that the final outturn may change during the external audit process as part of the annual accounts for 2019/20. 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.

3.3 **Equalities**

It is anticipated 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.

4 **CONSULTATION**

The Convener, the Leader of the Administration and the Leader of the Opposition are being consulted and any questions will be responded to by relevant Officers and any comments received will be considered by the Chief Executive in arriving at her decision.

Author(s)

Name	Designation and Contact Number
Suzy Douglas	Financial Services Manager X5881

APPROVED:

Chief Executive: Tracey Logan

Date: 28 May 2020

Having consulted -

Leader of the
Administration:

Cllr Shona Haslam

Date: 26 May 2020

Convener:

Cllr David Parker

Date: 26 May 2020

Leader of the
Opposition:

Cllr Stuart Bell

Date: 26 May 2020