
CAPITAL FINANCIAL PLAN 2020/21 – FINAL UNAUDITED OUTTURN

**Report by the Executive Director, Finance & Regulatory
EXECUTIVE COMMITTEE**

8 June 2021

1 PURPOSE AND SUMMARY

- 1.1 This report provides the Executive Committee with a statement comparing the final capital outturn for 2020/21 with the final budget for the year and identifies the main reasons for any significant variations.**
- 1.2 The final capital outturn statement for 2020/21 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 £54.787m which is £9.531m below the final revised budget of £64.318m.
- 1.3 The Capital Plan was materially impacted by COVID-19 and the resultant national “lockdown” of the construction industry and the associated inevitable delays in planned programmes of work during 2020/21. The overall impact on the capital plan is that net £44.872m of budget within the Capital Plan has been moved as a timing movement to future years as a result of delays and re-profiling of programmes of work.

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 £0.160m from Emergency & Unplanned is allocated to IT transformation as reflected in Appendix 1;**
 - (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 2020/21 on 26 February 2020 and detailed budgetary control reports were presented to the Executive Committee in September and November 2020 and February 2021.
- 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 2021 will adjust the 2021/22 budget with movements carried forward in line with the Financial Regulations.
- 3.3 COVID-19 had a significant impact on the delivery of the Council's capital plan in financial year 2020/21. Many projects commenced late or were delayed and this required substantive revisions to be made to the profile of capital budgets and the overall costs of projects. All known COVID-19 additional costs have been addressed within 2020/21 with delays in programmes of work being addressed through the movement of budget into future years.
- 3.4 The table below shows the movements in the resources of the Capital Plan through 2020/21:

	£000s
Capital Plan 2020/21 as approved at Council 26 February 2020	86,266
Cycling, walking, safer streets additional funding as part of settlement	318
Gross up Hawick Flood Protection Scheme following Council on 26 th February 2020	5,044
Transfer of Extra Care housing to Revenue budget	(3,023)
Timing movements and budget adjustments reported as part of out-turn 2019/20	8,348
Timing movements to future years at 30 June 2020	(26,855)
Gross up Hawick Walled Garden Glasshouse	11
Net timing movements to future years at 30 September 2020	(1,758)
Net timing movements to future years at 31 December 2020	(4,033)
Revised Capital Plan 2020/21	64,318

- 3.5 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 2020/21 for each of the services in the Plan with the actual expenditure to 31 March 2021. The latest approved budget includes all approvals made up to and including 31 March 2021.
- 4.2 The final outturn shows a final net variance of £9.531m against the current approved budget as a result of timing movements between financial years. This makes the total net timing movement between 2020/21 and future years £44.872m (46% of total budget). The scale of the timing movement can be attributed to the impact of COVID-19 as construction sites were closed for much of the first half of 2020/21. COVID-19 restrictions for the

remainder of 2020/21 impacted on project delivery timescales. As a result of the budget movement between years, the estimated borrowing element of the capital financing for 2020/21 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 2020/21 Capital Plan.
- 4.4 Appendix 3 contains a summary for each block allocation within the 2021/22 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 2020/21.
- 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 on the Hawick Flood Protection Scheme is nearing the end of the first year of site works. Progress during 2020/21 has been positive with many work zones started in the town. The works programme has been revised several times to allow for local conditions and methods of working in several locations. This has resulted in a revision to the spend forecast and a timing movement of £2.3m at year end.
 - (b) **Roads & Bridges block**
A timing movement of £1.123m was required into 2021/22 as a result of impacts of COVID-19 delays and adverse weather experienced in the final quarter of 2020/21.
 - (c) **IT Transformation (previous years)**
Completion of previous year IT transformation now delivered in 2020/21 has been funded through the planned draw down of the IT transformation reserve, allocation of emergency & unplanned budget (£0.160m) and a CFR from the IT revenue budget. Additional expenditure in supplying IT kit to significant numbers of staff working from home during 2020/21, funded through the COVID-19 reserve.
 - (d) **IT Transformation (new investment from CGI contract extension)**
Timing movement of £0.845m into 2021/22 to reflect phasing of new IT transformation programmes of work.

4.8 **Emergency & Unplanned Schemes**

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

	£000s
Budget as Approved at Council 28 February 2020	220
Timing Movement as part of out-turn 2019/20	(8)
General Flood Protection Block	83

Building Upgrades Block	98
Energy Efficiency Works	139
Netherdale Spectator Stand	44
CRC – Improved Skip Infrastructure	(4)
Roads investment	(120)
Netherdale Spectator Stand (phase 2)	(50)
Tapestry	(316)
Borders Innovation Park	(86)
Accident Investigation Prevention Schemes block	35
Industrial Property upgrades	52
Contaminated Land block	17
Private sector housing grant	50
Waste Collection vehicles – non P&V	6
IT transformation (previous years)	(160)
Out-turn Balance	0

- 4.9 As reflected in the table above it is proposed that the net balance of funding of £0.160m for emergency and unplanned budget in 2020/21 will be used to fund pressures related to IT transformation in 2020/21.

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 2020/21. 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/Chief Legal Officer, the Chief Officer Audit and Risk, the Service Director HR & Communications, the Clerk to the Council and Corporate Communications will be consulted and any comments received will be incorporated into the final 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 **Signature**

Executive Director, Finance & Regulatory Services

Author(s)

Name	Designation and Contact Number
Suzy Douglas	Financial Services Manager, 01835 824000 Ext 5881

Background Papers: n/a

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Contact us at Suzy Douglas, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA; Tel: 01835 824000 X5881.