
MONITORING OF THE CAPITAL FINANCIAL PLAN 2015/16

Report by Chief Financial Officer

EXECUTIVE COMMITTEE

17 November 2015

1 PURPOSE AND SUMMARY

- 1.1 **This report updates the Executive Committee on the progress of the 2015/16 Capital Financial Plan and 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 2015. Key issues identified in these tables are summarised within the main report.
- 1.3 The tables identify a net variance of £6.802m against the approved budget.
- 1.4 The net in-year budget increase of £0.672m is primarily due to a number of items due to be delivered for the Plant & Vehicle fleet totalling £0.536m, fully funded from the Plant & Vehicle Replacement Fund.
- 1.5 The net budget timing movements to future years amount to £7.474m of which the most significant are £3.2m for Duns Primary School, £1.777m for Early Learning and Childcare and £1.024m for Peebles 3G Synthetic Pitch. Appendix 3 contains a summarised list of timing and budget movements within the 2015/16 Capital Plan.
- 1.6 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 2015/16 Capital Plan.

2 RECOMMENDATIONS

- 2.1 **It is recommended that the Executive Committee:**
 - (a) **Agrees the projected outturns and associated virements as identified in Appendix 1 as the revised capital budget; and**
 - (b) **Notes the list of block allocations detailed in Appendix 2**

3 BACKGROUND

- 3.1 The Council approved the Capital Plan for the period 2015/16 to 2024/25 on 12 February 2015, 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 2015/16 as approved at Council on 12 February 2015		58,429
<i>Timing movements to date:</i>		
Brought forward from 2014/15	16,045	
Duns Primary School budget re-profile (Executive Committee 25 June 2015)	(1,919)	
Easter Langlee Cell Provision budget re-profile (Emergency Powers 2 July 2015)	80	
Borders Railway Stations adjustment, approved at (Council 2 April 2015)	(50)	
Net timing movements - Executive Committee 18 August 2015	2,606	
Waste Transfer Station budget re-profile (Council 24 September 2015)	121	
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Timing Movements to date		16,883
<i>In Year Budget Movements/Technical Adjustments:</i>		
Sunnybrae, Walkerburn	10	
Net budget movements - Executive Committee 18 August 2015	(17,515)	
Drainage in Parks and Open Spaces	(79)	
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In Year Budget Movements to date		(17,584)
Latest Approved Capital Plan 2015/16 at 30 September 2015		57,700
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- 3.2 The presentation of the monitoring tables in Appendix 1 focuses on the 3 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 2015/16 position and then there are 3 columns each for 2016/17 and 2017/18. For 2015/16 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 2016/17 and 2017/18 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 2015/16.

4 MONITORING THE PLAN

- 4.1 Appendix 1 to this report contains the budget monitoring tables. The actual expenditure to 30 September 2015 is shown together with the projected outturn for the full financial year and where appropriate contains an explanation of budget movements.
- 4.2 The actual expenditure to 30 September 2015 has been adjusted for any credit balances for accrued expenses from 2014/15 which have not yet been invoiced.
- 4.3 Appendix 2 contains a summary for each block allocation within the 2015/16 Capital Plan of approved and proposed proposals for various projects and programmes.
- 4.4 Appendix 3 contains a summary of budget virements and timing movements proposed for 2015/16 as part of this report.

5 SPECIFIC ISSUES

- 5.1 The following sections identify the other key areas of note within the Appendix 1 tables.

- 5.2 **Looking after the Borders**
Place – Road & Bridge Infrastructure:

- GIRR 1-3 Claims**

- As there has been no further progress on the claims currently received, the current year budget of £0.150m has been reprofiled to 2016/17 and 2018/19.

- 5.3 **Looking after the Borders**
Place – Flood Protection Infrastructure

- Hawick Flood Protection**

- Due to the appointment of the design consultant being later than programmed, the spend profile for the current year has altered. A number of environmental surveys will now be undertaken next financial year. These factors have resulted in a requirement for a timing movement of £0.08m to 2016/17.

- 5.4 **Looking after the Borders**
Place – Waste Management Infrastructure

- CRC – Improved Skip Infrastructure**

- Council agreed to delay the upgrade of Galashiels CRC due to the construction of the new Waste Transfer Station and the potential to repurpose the old Waste Transfer Station to enhance the CRC, resulting in a timing movement of £0.146m to 2018/19. A reallocation of the block is also required to for additional costs identified at Hawick CRC.

- 5.5 **Looking after the Borders**
Place – Other

- (a) **Cemetery Land Acquisition and Development Block**

- A new site has been identified at Coldstream. Site and ground investigations will be carried out in 2016/17, resulting in a timing movement of £0.396m.

(b) **HQ Main Office Block**

Testing of the window installations on the ground floor now complete and the project will commence in January 2016.

5.6 **Business Process Transformation
Place – Property Asset Programme**

Energy Efficiency Projects

In order to ensure efficient financial management of the project, this will be managed as a block. A block allocation is included in Appendix 3. A virement is required of £0.1m to the HQ Main Office Block project.

5.7 **Business Process Transformation
Place – Investment in Plant and Vehicles**

Plant and Vehicle Replacement – P&V Fund

The budget requires to be increased by £0.536m, fully funded from the Plant and Vehicle Fund to reflect the increased projection for purchases for the financial year. These include 3 fixed gritters and a loading shovel for Neighbourhood Roads and a paver for SBc Contracts.

5.8 **Looking after the Borders
People – School Infrastructure**

(a) **Duns Primary School & Locality Support Centre**

The budget requires to be reprofiled by £3.2m between 2015/16 and 2016/17 to reflect cashflow issued by the main contractor. The completion date for the build contract is not affected by this reprofile. Agreement has also been reached with Scottish Futures Trust on the drawdown profile for their contribution.

(b) **Early Learning & Childcare Block**

A number of projects are still at an early stage. The works at Knowepark PS are scheduled to start in early 2016. Projects identified at Edenside and Wilton primary schools are scheduled to commence in the new financial year. A timing movement of £1.777m is required to 2016/17 to progress works in the next financial year. This is fully funded by the Scottish Government.

(c) **Complex Needs – Central Education Base**

Construction is due to start in late 2015. The tender price accepted is significantly higher due to market conditions and a virement is required from SEBN Facilities of £0.131m in 2015/16 and £0.271m in 2016/17 to fund the budget shortfall.

(d) **SEBN Facilities**

A virement is required to the Complex Needs – Central Education Base project of £0.131m in 2015/16 and £0.271m in 2016/17. This has been done to enable the Complex Needs project to progress, and because the SEBN project has not been fully scoped and will be re-considered as part of the School Estate Review.

5.9 **Looking after the Borders**
People – Social Care Infrastructure

Residential Care Home Upgrade Block

The layout and specifications have been agreed for Saltgreens and Waverly. Works at Saltgreens will be completed in the current financial year and will be less than the current budget allocation. This is required for the works at Waverly as the project scope has changed to include the installation of en-suite accommodation. Appendix 3 details the changes in the budget allocation in the block. As the works at Waverly are now scheduled to be completed in June 2016, a timing movement of £0.310m is required.

5.10 **Looking after the Borders**
Chief Executive – Heritage & Cultural Infrastructure

(a) **Wilton Lodge Park**

The procurement of the contractor for the new build café and bridge is taking longer than planned, although works are still scheduled to start in late 2015. The works at the outdoor education area have been rescheduled and will now commence in January 2016. The budget is being reprofiled by £0.270m between 2015/16 and 2016/17.

(b) **Jim Clark Museum**

The funding submission to the Heritage Lottery Fund has been rescheduled. This has an effect on the budget profile, requiring a timing movement of £0.79m to 2016/17.

5.11 **Looking after the Borders**
Chief Executive – Sports Facility Infrastructure

(a) **Peebles 3G Synthetic Pitch**

A timing movement is required for £1.024m to 2016/17 which reflects the decision at the Executive Committee meeting on 29 September 2015 to deliver the project in 2016/17.

(b) **Sports Trusts – Plant and Services Block**

Following extensive community consultation the project at Eyemouth Swimming Pool has been scaled back. A reallocation of the block is required to reduce the allocation to Eyemouth and increase the budget allocation for Selkirk Leisure Centre, where work will commence in February 2016, with scheduled completion in April 2016, resulting in a timing movement of £0.173m to 2016/17.

5.12 **Emergency & Unplanned Schemes**

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

	£000s
Budget as Approved at Council 12 February 2015	300
Allocation to Bongate Mill Industrial Area (Roads) approved at Executive Committee 24 February 2015	(19)
Allocation to Stow Primary School Accommodation Works approved at Executive Committee 24 February 2015	(72)
Carry forward of funds not used in 2014/15	189
Allocation to Neidpath Wall approved at Executive Committee 26 May 2015	(150)
Allocation to General Flood Protection Block (for Bakehouse Burn Culvert) – Emergency Powers approved 2 July 2015	(60)
Allocation to Railway Black Path – Emergency Powers approved 2 July 2015	(65)
Allocation to Kelso Recycling Centre approved at Executive Committee 18 August 2015	(40)
Allocation to Jedburgh Flood Protection approved at Executive Committee 18 August 2015	(40)
Easter Langlee Leachate Management Facility – in-year saving	40
Railway Black Path – return of funds allocated 2 July 2015, now funded by external grant	65
Projected Balance	148

5.13 **Capital Funding**

- (a) As a result of the £6.802m in year net timing and budget movement identified in the programme (see Appendix 1), the estimated borrowing element of the capital financing for 2015/16 has been reduced.

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 2015, actual expenditure totalled £18.736million which represents 36.8% of the projected outturn, excluding the impact of large accruals. There is still 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.

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 Service Director Strategy and Policy, 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 on the report have been incorporated into the report.
- 7.2 The Service Director Capital Projects and the Service Director Commercial Services have been consulted in the preparation of this report and the content of the 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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