
CAPITAL FINANCIAL PLAN 2021/22 – FINAL UNAUDITED OUTTURN

Report by Director, Finance & Corporate Governance
EXECUTIVE COMMITTEE

14 June 2022

1 PURPOSE AND SUMMARY

- 1.1 This report, provides the Executive Committee with a statement comparing the final capital outturn for 2021/22 with the final budget for the year and identifies the main reasons for any significant variations.**
- 1.2 The final capital outturn statement for 2021/22 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 £59.634m which is £7.134m below the final revised budget of £66.766m including timing movement in the final quarter of £7.474m.
- 1.3 A number of macro-economic factors affected the Capital Plan during 2021/22. Construction materials supply chain has been subject to unprecedented disruption in recent months. A surge in demand coupled with constraints on supply has led to price increases, shortages and longer lead times. Any financial implications from these market conditions are reported within this final outturn report with this final financial position for 2021/22. This outturn position provides the basis to inform the Capital Plan requirements in 2022/23, with any longer term impacts being reflected in the financial planning process for future years.
- 1.4 In recognition of the market conditions experienced in 2021/22 and continuing into 2022/23, the approach to slippage of block allocations within the Capital Plan has been reconsidered. From 2021/22 outturn, the elements of projects which are legally committed will transfer budget into the next financial year to fund these commitments. All other underspend in block allocations will be carried forward on a pooled basis to benefit the wider Capital Plan. This carry forward from 2021/22 into 2022/23 of £1.253m will be used to establish an inflation contingency in light of the market condition concerns highlighted above.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Executive Committee:**
- (a) Agrees the final outturn statement in Appendix 1;**
 - (b) Approves the allocation of the remaining budget of £0.660m from Emergency & Unplanned to Union Chain Bridge 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 movements in 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 2021/22 on 19 March 2021 and detailed budgetary control reports were presented to the Executive Committee in August and November 2021 and February 2022.
- 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 2022 will adjust the 2022/23 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 through 2021/22:

| | £000s |
|--|---------------|
| Capital Plan 2021/22 as approved at Council 19 March 2021 | 87.441 |
| Timing movements and budget adjustments reported as part of out-turn 2020/21 | 12.329 |
| June Executive Committee timing movements and budget adjustments | (0.008) |
| Executive Committee 5 th October – Place Based investment | 0.912 |
| September Executive Committee timing movements and budget adjustments | (16.445) |
| February Executive Committee timing movements and budget adjustments | (18.058) |
| Executive Committee 14 th September 2021 – Langlee Roundabout | 0.595 |
| Outturn timing movement and budget adjustments | (7.134) |
| Revised Capital Plan 2021/22 | 59.634 |

- 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 2021/22 for each of the services in the Plan with the actual expenditure to 31 March 2022. The latest approved budget includes all approvals made up to and including 31 March 2022.
- 4.2 The final outturn shows a final net variance of £7.134m against the current approved budget as a result of timing movements and budget adjustments between financial years.
- 4.3 Appendix 2 contains a summary of the final out-turn position for each block contained within the 2021/22 Capital Plan.
- 4.4 Appendix 3 contains a summary for each block allocation within the 2022/23 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 2021/22.

4.6 Key highlights from variances in Appendix 1 are:

(a) **Union Chain Bridge**

The condition of the existing bridge suspension rods has been found to be significantly worse than the original survey work resulting in a need to allocate additional funding in accordance with the concluded agreement between SBC and Northumberland County Council. This will ensure that the load carrying capacity of the re-assembled bridge is as committed to.

(b) **Reston Station**

Re-profile of contribution to Reston Station in line with opening date of May 2022.

(c) **Eddleston Water Path**

A timing movement of £0.6m is required into 2022/23 to align with revised project timescales. The project has experienced delays due to the availability of materials, a UK wide issue, and additional funding has been sought, and approved, by both Sustrans and South of Scotland Enterprise (SOSE), as a result of increased material costs. The project is in full construction and progressing well with an expected completion date of 30 September 2022.

4.8 **Emergency & Unplanned Schemes**

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

| | £000s |
|---|--------------|
| Budget as Approved at Council 19 March 2021 | 0.175 |
| Underspend from Private Sector Housing grant adaptations due to COVID-19 delays | 0.100 |
| Underspends identified at December month end including Sir Walter House Courthouse and Private Sector Housing grant adaptations | 0.228 |
| Underspends reported through outturn reflected in Appendix 1 | 0.157 |
| Allocation of Emergency & Unplanned balance to Union Chain Bridge project | (0.660) |
| Outturn Balance | 0 |

4.9 As indicated in the monitoring report presented to the Executive Committee on 8th February 2022 and reflected in the table above, the net balance of £0.660m for emergency and unplanned in 2021/22 has been used to fund additional commitments in the Union Chain Bridge project.

4.10 The approach to slippage in block allocations within the Capital Plan has been reconsidered at this outturn position. From 2021/22 outturn, the elements of projects which are legally committed will transfer budget into the next financial year to fund these commitments. All other underspend in block allocations will be carried forward on a pooled basis to benefit the wider Capital Plan. This carry forward from 2021/22 into 2022/23 of £1.253m will be used to establish an inflation contingency in light of the current market operating environment.

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 2021/22. 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 Integrated Impact Assessment

No Integrated 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 Sustainable Development Goals

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 Climate Change

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 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

5.8 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 Director (People Performance & Change), the Clerk to the Council and Corporate Communications have been consulted on this report and any comments received have been incorporated into this final report.
- 6.2 The Director Infrastructure & Environment has been consulted in the preparation of this report and the content of the detailed appendices and any comments have been incorporated.

Approved by

David Robertson

Signature

Director, Finance & Corporate Governance

Author(s)

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

Background Papers: n/a

Previous Minute Reference: n/a

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