
CAPITAL FINANCIAL PLAN 2022/23 – FINAL UNAUDITED OUTTURN

Report by Acting Chief Financial Officer EXECUTIVE COMMITTEE

13 June 2023

1 PURPOSE AND SUMMARY

- 1.1 **This report, provides the Executive Committee with a statement comparing the final capital outturn for 2022/23 with the final budget for the year and identifies the main reasons for any significant variations.**
- 1.2 The final capital outturn statement for 2022/23 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 £63.537m which is £11.583m below the final revised budget of £75.120m including timing movement in the final quarter of £10.445m.
- 1.3 A number of macro-economic factors affected the Capital Plan during 2022/23. Unprecedented levels of inflation along with disruption in the construction materials supply chain continued to impact on the wider economy and consequently the Council. A surge in demand coupled with constraints on supply has led to price increases, shortages and longer lead times. Financial implications from these market conditions are reported within this final outturn report for 2022/23. This outturn position provides the basis to inform the Capital Plan requirements in 2023/24, with any longer term impacts being reflected in the financial planning process for future years.
- 1.4 In anticipation of inflationary pressures an inflation contingency of £1.253m was established at the 2021/22 year end to support potential budget pressures. Through the first three quarters of 2022/23 this contingency was increased to £3.501m, with a timing movement of this approved into 2023/24 to support the 2023/24-2032/33 Capital Investment Plan. This contingency is being increased by a further £1.022m in this final quarterly monitoring of 2022/23 with this being used to offset Planned Programming Adjustments in 2023/24.

2 RECOMMENDATIONS

- 2.1 **I recommend that the Executive Committee:**
 - (a) **Agrees the final outturn statement in Appendix 1;**
 - (b) **Notes the adjustments to funding in Appendix 1;**
 - (c) **Notes the final block allocations in Appendix 2;**
 - (d) **Approves movements in the block allocations in Appendix 3; and;**
 - (e) **Notes the whole project costs detailed in Appendix 4.**

3 BACKGROUND

- 3.1 The Council approved the original Capital Financial Plan for 2022/23 on 22 February 2022 and detailed budgetary control reports were presented to the Executive Committee in August and November 2022 and February 2023.
- 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 2023 will adjust the 2023/24 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 2022/23:

	£000s
Capital Plan 2022/23 as approved at Council 22 February 2022	103.318
Netherdale pitch replacement – Executive Committee 1 st March 2022	0.425
Land at Easter Langlee, Galashiels – Executive Committee 22 nd March 2022	0.132
Timing movements and budget adjustments reported as part of out-turn 2021/22	8.973
June Executive Committee timing movements and budget adjustments	0.342
Executive Committee 13 th September – High Street/Market Place, Jedburgh	0.200
September Executive Committee timing movement and budget adjustments	(15.379)
December Executive Committee timing movement and budget adjustments	(22.891)
Outturn timing movement and budget adjustments	(11.583)
Revised Capital Plan 2022/23	63.537

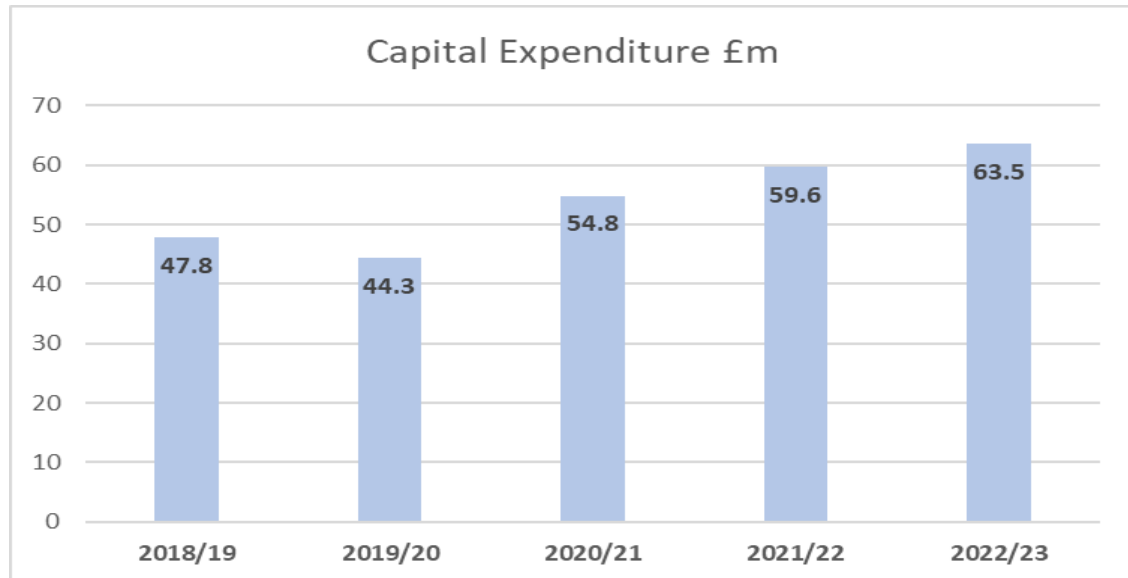
- 3.4 To complete the annual cycle of reporting this report compares the final budget for the year with the final, but as yet unaudited, outturn.

4 FINAL OUTTURN STATEMENT

- 4.1 Appendix 1 to this report contains the final outturn statement for the Capital Financial Plan for 2022/23 for each of the services in the Plan with the actual expenditure to 31 March 2023. The latest approved budget includes all approvals made up to and including 31 March 2023.
- 4.2 The final outturn shows a final net variance of £11.583m 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 2022/23 Capital Plan.
- 4.4 Appendix 3 contains a summary for each block allocation within the 2023/24 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 2022/23.
- 4.6 The Council delivered a Capital spend of £63.5m in 2022/23, this continues a positive trend in spend levels over the past 5 years as shown in the graph below. 2022/23 represents the highest capital spend in the period through significant investment in key projects across the Borders.



- 4.7 Key highlights from variances in Appendix 1 are:

(a) **Plant & Vehicle Replacement**

Although procurement of new plant & vehicles has progressed well throughout 2022/23, delays to manufacturing and therefore delivery of vehicles has meant a lower than anticipated spend in the current year. This has primarily been due to the delay of six 26 tonne and four 7.5 tonne refuse collection vehicles with a value of £1.5m. These vehicles are now estimated for delivery in June 2023.

(b) **Hawick Flood Protection Scheme**

The project is now in the final year of construction and is proceeding well to completion, a timing movement to 2023/24 of £3.839m is required to align with delivery timescales.

(c) **Galashiels Academy**

Onsite enabling works are continuing and the project is at procurement stage. A timing movement of £1.536m is required to align with delivery timescales.

(d) **Peebles High School**

Onsite enabling works are continuing and the project is at procurement stage. A timing movement of £1.864m is required to align with delivery timescales.

4.8 **Emergency & Unplanned Schemes**

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

	£000s
Budget as Approved at Council 22 February 2022	0.175
Timing movement Q3 monitoring to 2023/24	(0.057)

Coldstream Cemetery Development	(0.044)
Floodlighting	(0.001)
Transfer remaining budget to 2023/24 to contribute towards Planned Programming Adjustments	(0.073)
Outturn Balance	0

- 4.9 During the 2023/24 budget setting process a Planned Programming Adjustment budget line was added to the Financial Plan. This is offset where unspent project budgets became available through the year. There are also contributions to this from the changed approach to slippage in block allocations, where slippage will only be actioned where there is a legal commitment in place for the expenditure. All other underspend in block allocations is carried forward on a pooled basis to benefit the wider Capital Plan through the Inflation Contingency. The balance available to be transferred to the Contingency Inflation budget from 2022/23 into 2023/24, including the remaining Emergency & Unplanned budget, is £1.022m. This budget will be used as planned to contribute to the Planned Programming Adjustment of £1.855m, bringing the remaining balance to address in 2023/24 to £0.833m.

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 2022/23. The processes for project management and ensuring sound budgetary control is maintained are subject to regular review and discussion with individual project managers and 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 Interim Chief Officer Corporate Governance (and Monitoring 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

Suzy Douglas
Acting Chief Financial Officer

Author(s)

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Background Papers: n/a

Previous Minute Reference: n/a

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