

Report to Business and Transformation Scrutiny Panel

Agenda Item:
A.3(b)

Meeting Date: 3 June 2021
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD.09/21
Within Policy and Budget Framework YES
Public / Private Public

Title: PROVISIONAL CAPITAL OUTTURN 2020/21 AND REVISED CAPITAL PROGRAMME 2021/22
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD 06/21

Purpose / Summary:

This report summarises the 2020/21 provisional out-turn for the Council's capital programme and provides details of the revised capital programme for 2021/22. This report was considered by Executive on 2 June 2021.

Questions for / input required from Scrutiny:

Members are asked to scrutinise the outturn position including the approved slippage of schemes and the resulting impact on the 2021/22 capital programme.

Recommendations:

Members of the Business and Transformation Scrutiny Panel are asked to scrutinise this report.

Tracking

Executive:	2 June 2021
Scrutiny:	BTSP 3 June 2021
Audit Committee:	8 July 2021 (for information only)
Council:	20 July 2021

Report to Executive

Agenda
Item:

Meeting Date: 2nd June 2021
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD.09/21
Within Policy and Budget Framework YES
Public / Private Public

Title: PROVISIONAL CAPITAL OUTTURN 2020/21 AND REVISED CAPITAL PROGRAMME 2021/22
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD.06/21

Purpose / Summary:

This report summarises the 2020/21 provisional out-turn for the capital budget and provides details of the revised capital programme for 2021/22. The out-turn shows that the net underspend for Council Services as at 31 March 2021 once committed expenditure totalling £4,454,600 is taken into account is £24,488.

It should be noted that the information contained in this report is provisional subject to the formal audit process. The draft Statement of Accounts for 2020/21 will be presented to the Audit Committee on 8 July, with final approval of the audited accounts on 24 September (tbc).

Recommendations:

The Executive is asked to:

- (i) Note the net underspend as at 31 March 2021 of £24,488 which includes committed expenditure to be met totalling £4,454,600, which is recommended by the Corporate Director of Finance and Resources for approval to Council;
- (ii) Consider the revised programme for 2021/22, together with the proposed methods of financing and virement request, as detailed at paragraph 5 and Appendix B, for recommendation to Council.

Tracking

Executive:	2 June 2021
Scrutiny:	BTSP 3 June 2021
Audit Committee:	8 July 2021 (for information only)
Council:	20 July 2021

1. BACKGROUND

- 1.1 This report sets out the summarised financial out-turn for the Council's Capital Programme as follows:
- (i) the out-turn for individual schemes for 2020/21, summarised in **Appendix A**
 - (ii) the revised programme for 2021/22, and the provisional programme for 2022/23 to 2025/26, summarised in **Appendix B**.
- 1.2 The report sets out the financial implications arising from the out-turn including the impact on capital resources for 2021/22. Members should note that the information contained in this report is provisional and subject to the formal audit process. Any significant changes required following the approval of the 2020/21 accounts will, if required, be reported to a future Executive meeting.
- 1.3 Please note that throughout this report the use of brackets indicates a favourable variance i.e. either an underspend or additional income received.

2. PROPOSALS

- 2.1 The original capital programme of £14,160,600 was approved in February 2020. Since then, a review of the capital programme has been undertaken and the capital funding has been revised. In accordance with proper accounting practices it has been necessary to gross up the expenditure budgets to properly reflect the total cost of the schemes including those fully funded from external grant/contributions.

The revised programme for 2020/21 of £18,621,300 is a result of the following funding streams:

2020/21 Capital Budget	£
Original 2020/21 Programme (approved Feb 2020)	14,160,600
Carry forwards from 2019/20 (RD60/19 Council 03/03/20)	10,952,800
Carry forwards from 2019/20 (RD14/20 Council 14/07/20)	2,568,500
Increase for Civic Centre Development (RD14/20 Council 14/07/20)	2,601,400
Decrease to Programme for Civic Centre Development (RD14/20 Council 14/07/20)	(780,000)
Correction to funding of Civic Centre Development	(20,000)
Additional Disabled Facilities Grant (RD14/20 Council 14/07/20)	432,500
Virement from Planned Improvements of Council Properties to Civic	(20,000)
Grant received for Rough Sleeping Initiative (OD.65/20)	50,000
Reprofiling of Budget for Sands Centre (CS28/20 Council 13/10/2020)	(10,644,100)
S106 contribution towards Affordable Housing (OD.90/20)	50,700
S106 contribution towards Play Area Improvements (OD.84/20)	8,000
External Grant towards Play Area Improvements (OD.84/20)	30,000
Towns Deal Funding for Bitts Park and Caldeu Riverside (Executive 14/12/20)	1,000,000
Revenue contribution towards purchase of Waste Receptacles	15,700
Agreed Carry Forwards into 2021/22 (RD65/20 Council 02/03/21)	(3,031,500)
Additional Disabled Facilities Grant (GD12/21 Executive 8/03/21)	255,800
External Grant towards Carlisle Citadels Project (LD.02/21)	879,500
Additional external contribution to Caldeu Riverside (OD.31/21)	22,200
Revenue Contribution towards Civic Centre Development	30,000
Additional contributions towards Disabled Facilities Grants	16,100
External grant towards Swifts Wildlife Haven (OD.27/21)	10,000
Bitts Park Water Feature (CS33/20 Executive 14/12/21)	63,100
Revised 2020/21 Capital Programme	18,651,300
Less Capital Reserves to be released by Executive	(30,000)
Revised 2020/21 Capital Programme (released)	18,621,300

2.2 The provisional out-turn position for the 2020/21 capital programme is shown below:

Directorate	Revised Annual Budget	Total Expenditure	Variance	Carry Forwards (Committed)	Revised Variance
	£	£	£	£	£
Community Services	8,601,200	6,962,839	(1,638,361)	1,651,200	12,839
Corporate Support	161,000	98,454	(62,546)	62,400	(146)
Economic Development	1,814,700	942,667	(872,033)	874,700	2,667
Governance & Regulatory Services	7,959,400	6,119,494	(1,839,906)	1,836,300	(3,606)
Total	18,536,300	14,123,454	(4,412,846)	4,424,600	11,754
Capital Exceptional Items	85,000	48,758	(36,242)	0	(36,242)
Total	18,621,300	14,172,212	(4,449,088)	4,424,600	(24,488)
Reserves to be released	30,000	0	(30,000)	30,000	0
Total	18,651,300	14,172,212	(4,479,088)	4,454,600	(24,488)

- 2.3 The position for 2020/21 after committed carry forwards have been taken into account is an underspend of £24,488.
- 2.4 The main variances after carry forwards are summarised below:
- An overspend of £13,568 on the purchase of Waste Receptacles.
 - An underspend of £36,243 on Flood Related Capital projects brought forward from previous years.
- 2.5 Otherwise schemes are progressing within budget, although some schemes have not been completed to the original timescales which has resulted in the request for carry forwards.
- 2.6 Further details for each directorate are included in **Appendices A1-A5**.
- 2.7 The 2020/21 programme has been kept to a level that takes account of the Council's ability to deliver schemes with regard to capacity and available resources. Work has been carried out throughout the year to monitor the profiling of budgets and these have been adjusted to reflect progress in current capital schemes. The year end position for the capital programme is improved from previous years due to the implementation of the corporate reserves procedure and the improved profiling.

3. CARRY FORWARD REQUESTS

- 3.1 In accordance with the Council's Constitution, any net underspending/savings on service estimates under the control of the Director may be carried forward. This is to facilitate greater flexibility of budgets between years as set out in the Medium-Term

Financial Plan. Approval of carry forwards is subject to the following as contained in the Council's Constitution:

- *the authorisation of the Corporate Director of Finance and Resources where the request relates to a specific committed item of expenditure where, due to external or other factors, the Director has been unable to spend the approved budget by 31 March. The use of the resource will be restricted to the purpose for which the estimate was originally intended. The carry forward will only be approved by the Corporate Director of Finance and Resources if the expenditure is within both the Directorate's and the Authority's budget as approved for that year. Any carry forward which would result in an over-spend for the Authority will require authorisation by the Council.*
- *any overspending on service estimates in total on budgets under the control of the Director must be carried forward to the following year and will constitute the first call on service budgets in the following year, unless the Council determines otherwise by way of a supplementary estimate. The Corporate Director of Finance and Resources will report the extent of overspending carried forward to the Executive, Business and Transformation Scrutiny Panel and to the Council.*

The delegated power applies only in so far as the carry forwards do not take the Council into an overspend position.

Carry forwards at the end of the year have been analysed to assess the year of potential expenditure to enable better profiling of budgets for future years. Of the committed carry forwards shown in paragraph 2.2, it is estimated that the full £4,454,600 will be spent in 2021/22.

4. FINANCING OF CAPITAL PROGRAMME 2020/21

- 4.1 Utilisation of resources to fund the 2020/21 Capital Programme in light of the out-turn is provisionally estimated as follows:

	Revised Budget £	Provisional Out-turn £
Capital Programme expenditure in year	18,651,300	14,172,212
<u>Financed by:</u>		
Capital Receipts (note 1)	1,500,000	1,020,000
Capital Receipts - to fund cost of disposal	(112,000)	(33,600)
Capital Grants		
• Disabled Facilities Grant	2,155,600	2,155,574
• General (note 2)	4,205,400	3,116,734
Reserves & Balances (note 3)		
• Direct Revenue Financing	2,628,100	2,623,052
Contributions from other bodies incl S106 (note 4)	235,200	242,634
Borrowing Requirement (In Year)	8,039,000	5,047,818
Total Financing	18,651,300	14,172,212

Notes:

1. There were no usable capital receipts carried forward from 2019/20. Capital receipts generated during the year amount to £1,020,000 compared to the revised estimate figure of £1,500,000, a decrease of £480,000.

The total sum available, £1,020,000 has been used to fund the Capital Programme in 2020/21, with the balance of funding required (£5,047,818) being financed from a borrowing requirement that is significantly lower than anticipated.

In accordance with Capital Finance Regulations, costs associated with asset disposal totalling £33,600 that are included in the revenue outturn, can be funded from the capital receipt generated. This will result in a decrease to the capital receipts balance reported above at 31st March 2021.

2. Any balance of funding from capital grants has been carried forward into 2021/22 to allow the schemes to complete.
3. The use of capital receipts has been optimised in order to fund 2020/21 capital expenditure. Direct revenue funding, S106 receipts and earmarked reserves and provisions specifically set up to fund capital expenditure have also been used to fund capital expenditure in 2020/21. Capital receipts are the last source of funding applied to finance the capital programme; external funding is always applied first.

4. Additional contributions were received towards DFGs, Play Areas, Open Space Improvements, Caldew Riverside and Sands Centre redevelopment.

5. FIVE YEAR CAPITAL PROGRAMME

- 5.1 A five-year Capital Programme for 2021/22 to 2025/26 is detailed in **Appendices B1-B2**.
- 5.2 The programme for **2021/22** totalling £28,057,900 is based upon the programme as agreed by Council in February 2021 of £19,070,400, the commitments brought forward from 2020/21 as identified above of £4,454,600, the commitments brought forward from 2020/21 already approved of £3,031,500, an increase of £255,800 for additional Disabled Facilities Grant awarded which has recently been advised and totals £2,155,574, and the following additional adjustments:
- An increase of £109,400 for Empty Property Grants as approved by Executive (GD.13/21);
 - An increase of £153,200 from S106 contributions towards Play Area improvements (OD.26/21 and OD.34/21);
 - An increase of £902,500 for Carlisle Citadels project (LD.02/21);
 - An increase of £70,000 for Swifts Wildlife Haven (OD.27/21); and
 - An increase of £10,500 for Bitts Park Water Features as approved by Executive (CS.33/20).
- 5.3 The 2021/22 Capital Programme includes £200,000 savings that need to be identified to provide the required funding for the Civic Centre Reinstatement project. It is proposed to fund this by a virement from the Vehicle and Plant Replacement budget **subject to recommendation by Executive to Council for approval**.
- 5.4 The 2021/22 programme will be continually reviewed to ensure the Council has the capacity to deliver this level of programme.
- 5.5 It is suggested that the revised programme for 2021/22 as detailed in Appendix B1 is financed as follows:

	<u>Original Budget</u> £	<u>Revised Budget</u> £
Original Programme	19,070,400	19,070,400
Add: Carried forward from 2020/21 (in Year)	0	3,031,500
Add: Carried forward from 2020/21 (Year End)	0	4,454,600
Add: Other adjustments to programme	0	1,501,400
Total Expenditure to be financed	19,070,400	28,057,900
<u>Financed by:</u>		
Capital Grants		
• DFG	1,899,800	2,155,600
• General	0	2,325,600
Capital Receipts	1,011,000	1,491,000
Receipts used to fund resources	(112,000)	(112,000)
Contributions from other bodies	0	159,700
Direct Revenue Financing	1,337,400	2,098,300
Borrowing Requirement (In Year)	14,934,200	19,939,700
Total Financing	19,070,400	28,057,900

- 5.6 The proposed programme for **2022/23** to **2025/26** as detailed in Appendix B2 is based on the programme agreed by Council in February 2021.

6. RISKS

- 6.1 Individual capital schemes have different risks involved. A risk assessment of the overall capital programme is included in **Appendix C**.

7. CONSULTATION

- 7.1 Consultation to Date.

Portfolio Holders and SMT have considered the issues raised in this report.

- 7.2 Consultation Proposed.

Business and Transformation Scrutiny Panel will consider the report on 3 June 2021.

8. CONCLUSIONS AND REASONS FOR RECOMMENDATIONS

- 8.1 The Executive is asked to:

- (i) Note the net underspend as at 31 March 2021 of £24,488 which includes committed expenditure to be met totalling £4,454,600, which is recommended by the Corporate Director of Finance and Resources for approval to Council;

- (ii) Consider the revised programme for 2021/22, together with the proposed methods of financing and virement request, as detailed at paragraph 5 and Appendix B, for recommendation to Council.

9. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

9.1 The Council's capital programme supports the current priorities in the Carlisle Plan.

Contact Officer: Emma Gillespie

Ext: 7289

Appendices attached to report: A1 to A5 and B1 to B2 and C

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS:

LEGAL – The Council has a fiduciary duty to manage its finances properly and the proper reporting of the outturn figures is part of this process. Approval of full Council is required for the use of capital reserves to fund expenditure commitments as set out in the report.

PROPERTY SERVICES – Property asset implications are contained within the main body of the report

FINANCE – Financial implications are contained within the main body of the report.

EQUALITY – This report raises no explicit issues relating to the public sector Equality Duty. It is worth noting that the report includes the increase in funding for the Disabled Facilities Grants (DFGs).

INFORMATION GOVERNANCE – There are no information governance implications.

COMMUNITY SERVICES

Scheme	Revised Annual Budget £	Expenditure to date £	Variance to date £	Carry Forwards £	Adjusted Variance £	Details of major variance
Vehicles & Plant	1,532,400	750,765	(781,635)	781,600	(35)	Slippage of planned vehicle replacements from 2020/21 into 2021/22. A revised replacement plan for the next 5-10 years has been provided as part of the 2021/22 budget process.
Civic Centre Development	1,461,400	1,550,370	88,970	(89,000)	(30)	Project progressing well, spend is in advance of the budget profiled for 2020/21 but is within the overall budget allocated for this project in future years.
Play Area Developments	84,300	84,004	(296)	0	(296)	Works complete on 3 separate projects in line with expenditure profiles.
Open Space Improvements	80,700	80,414	(286)	0	(286)	Fully funded by Section 106 monies.
Sands Centre Redevelopment	5,335,200	4,349,256	(985,944)	985,900	(44)	Capital expenditure for the enhancement work to Leisure Facilities. Progress is being monitored and a revised expenditure profile has been implemented to take account of delays as a result of Covid-19 restrictions.
Waste Minimisation	60,700	74,268	13,568	0	13,568	Purchase of waste receptacles are overspent against the annual budget.
Skew Bridge Deck	1,500	3,000	1,500	(1,500)	0	Budget earmarked towards this scheme as part of the 2020/21 budget process. Released by Executive 13/01/2021.
Towns Deal - Bitts Park Improvements	35,000	60,755	25,755	(25,800)	(45)	Funding received from the Town Deal Capital Accelerated Fund and presented and approved by Executive 14/12/2020.
Swifts Wildlife Haven	10,000	10,007	7	0	7	Project progressing as per expenditure profile and is due to be completed in 2021/22.
Grand Total	8,601,200	6,962,839	(1,638,361)	1,651,200	12,839	

CORPORATE SUPPORT

Scheme	Revised Annual Budget £	Expenditure to date £	Variance to date £	Carry Forwards £	Adjusted Variance £	Details of major variance
ICT Infrastructure	161,000	98,454	(62,546)	62,400	(146)	Part of ICT Strategy Business Case. Implementation has been delayed.
Grand Total	161,000	98,454	(62,546)	62,400	(146)	

ECONOMIC DEVELOPMENT

Scheme	Revised Annual Budget £	Expenditure to date £	Variance to date £	Carry Forwards £	Adjusted Variance £	Details of major variance
Central Plaza	12,300	14,940	2,640	0	2,640	Emergency works at Central Plaza.
Affordable Housing	50,700	50,700	0	0	0	S106 funding towards provision of Affordable Homes. Project now complete.
Towns Deal - Caldew Riverside Remediation	872,200	29,697	(842,503)	842,500	(3)	Funding received from the Town Deal Capital Accelerated Fund and presented and approved by Executive 14/12/2020. Slippage into 2021/22.
Carlisle Citadels	879,500	847,330	(32,170)	32,200	30	Project approved as per Leader Decision Notice (LD.02/21) and is due to complete in 2021/22.
Grand Total	1,814,700	942,667	(872,033)	874,700	2,667	

GOVERNANCE & REGULATORY SERVICES

Scheme	Revised Annual Budget £	Expenditure to date £	Variance to date £	Carry Forwards £	Adjusted Variance £	Details of major variance
Planned Enhancements to Council Property	209,300	142,688	(66,612)	63,000	(3,612)	Some slippage of planned projects into 2021/22.
Rough Sleeping Initiative	50,000	40,000	(10,000)	10,000	0	Capital grant received from MHCLG for the development of the Rough Sleeping Initiative. Slippage into 2021/22.
Gateway 44	4,621,900	3,725,741	(896,159)	896,200	41	Development and Improvement costs associated with the Junction 44 development. Project nearing completion, additional work require to reconfigure remaining units.
Disabled Facilities Grants	2,636,500	1,904,901	(731,599)	731,600	1	Mandatory Grants. Increased grant allocation for 2020/21. The position is being closely monitored. Carry forward required into 2021/22.
Empty Property Grants	23,200	20,200	(3,000)	3,000	0	Discretionary grants to assist getting empty properties back in to use.
On Street Charging Infrastructure	203,700	100,904	(102,796)	102,800	4	To install Electric Vehicle charge points at locations within Carlisle where residents have no access to off-street parking to encourage the uptake of electric vehicles. This project is fully funded by external grant. Slippage into 2021/22.
LED Footway Lighting Installation	214,800	185,060	(29,740)	29,700	(40)	To upgrade Footway Lights to LED lanterns throughout the District resulting in energy savings and increased reliability of the lights which should reduce future maintenance costs. Slippage into 2021/22.
Grand Total	7,959,400	6,119,494	(1,839,906)	1,836,300	(3,606)	

EXCEPTIONAL ITEMS CAPITAL EXPENDITURE

Scheme	Revised Annual Budget £	Expenditure to date £	Variance to date £	Carry Forwards £	Adjusted Variance £	Details of major variance
IC Buildings Flood Capital	21,900	(14,310)	(36,210)	0	(36,210)	Budget in relation to approved expenditure on the reinstatement of Bitts Park. Credit in relation to reversal of outstanding retention no longer due.
IC All Risks Flood Capital	63,100	63,068	(32)	0	(32)	Budget in relation to approved expenditure on the reinstatement of Bitts Park Water Feature.
Grand Total	85,000	48,758	(36,242)	0	(36,242)	

2021/22 CAPITAL PROGRAMME
APPENDIX B1

Scheme	Original Capital Programme 2021/22 £	Carry Forwards from 2020/21 £	Carry Forwards from 2020/21 £	Other Adjustments £	Revised Capital Programme 2021/22 £
<u>Current non-recurring commitments</u>					
Sands Centre Redevelopment	15,236,700	700,000	985,900	0	16,922,600
Civic Centre Development	1,020,600	1,150,000	(89,000)	0	2,081,600
Energy Monitoring System	12,000	0	0	0	12,000
<i>Savings to Fund Civic Centre</i>	<i>(200,000)</i>	<i>0</i>	<i>0</i>	<i>200,000</i>	<i>0</i>
Cemetery Infrastructure	0	5,700	0	0	5,700
Skew Bridge Deck	0	68,500	(1,500)	0	67,000
Towns Deal - Bitts Park Improvements	0	125,000	(25,800)	0	99,200
Planning Software	0	150,000	0	0	150,000
Play Area Improvements	0	36,500	0	153,200	189,700
Carlisle Citadels	0	0	32,200	902,500	934,700
Towns Deal - Caldew Riverside	0	0	842,500	0	842,500
On Street Charging Points Infrastructure	0	0	102,800	0	102,800
Gateway 44	0	0	896,200	0	896,200
LED Footway Lighting Installation	0	0	29,700	0	29,700
Rough Sleeping Initiative	0	0	10,000	0	10,000
Swifts Wildlife Haven	0	0	0	70,000	70,000
IC All Risks - Bitts Park Water Feature	0	0	0	10,500	10,500
	16,069,300	2,235,700	2,783,000	1,336,200	22,424,200
<u>Recurring commitments</u>					
Planned Enhancements to Council Property	250,000	145,800	63,000	0	458,800
Vehicles, Plant & Equipment	255,000	0	781,600	(200,000)	836,600
Recycling Containers	45,000	0	0	0	45,000
ICT Infrastructure	101,300	150,000	62,400	0	313,700
	651,300	295,800	907,000	(200,000)	1,654,100
<u>Housing Related Grants</u>					
Private Sector Grants	1,899,800	500,000	731,600	255,800	3,387,200
Empty Property Grants	0	0	3,000	109,400	112,400
	1,899,800	500,000	734,600	365,200	3,499,600
TOTAL	18,620,400	3,031,500	4,424,600	1,501,400	27,577,900
<u>Capital Reserves to be released</u>					
Crematorium Infrastructure	350,000	0	0	0	350,000
Future High Street Fund - Market Square	100,000	0	0	0	100,000
Cemetery Infrastructure	0	0	30,000	0	30,000
	450,000	0	30,000	0	480,000
REVISED TOTAL	19,070,400	3,031,500	4,454,600	1,501,400	28,057,900

2022/23 to 2025/26 PROPOSED CAPITAL PROGRAMME**APPENDIX B2**

Scheme	Proposed Capital Programme 2022/23 £	Original Capital Programme 2023/24 £	Original Capital Programme 2024/25 £	Original Capital Programme 2025/26 £
Private Sector Grants	1,899,800	1,899,800	1,899,800	1,899,800
Planned Enhancements to Council Property	250,000	250,000	250,000	250,000
Vehicles, Plant & Equipment	1,220,500	1,771,500	1,680,000	1,166,000
ICT Infrastructure	76,300	131,400	101,400	101,400
Recycling Containers	45,000	45,000	45,000	45,000
Sands Centre Redevelopment	3,450,200	0	0	0
Carlisle Southern Link Road	5,000,000	0	0	0
Crematorium Infrastructure	900,000	0	0	0
Replacement of Flare Data Management System	150,000	0	0	0
Future High Street Fund Market Square	2,670,000	0	0	0
TOTAL	15,661,800	4,097,700	3,976,200	3,462,200