

CARLISLE
CITY COUNCIL



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REPORT TO EXECUTIVE

PORTFOLIO AREA: POLICY, PERFORMANCE MANAGEMENT, FINANCE AND RESOURCES

Date of Meeting: 7 JULY 2003

Public/Private*

Key Decision: Yes

Recorded in Forward Plan: Yes

Inside Policy Framework

Title: GENERAL FUND CAPITAL PROVISIONAL OUTTURN 2002/03
AND CAPITAL PROGRAMME 2003/04

Report of: HEAD OF FINANCE

Report reference: FINANCIAL MEMO 2003/04 FS19/03

Summary:

The attached report summarises the 2002/03 provisional out-turn for the General Fund Capital Programme and provides details of the revised programme for 2003/04.

Recommendations:

The Executive is asked:

- i to agree the 2002/03 out-turn, as detailed in Appendix 1, and note that the figures are provisional and subject to audit;
- ii to agree the revised programme for 2003/04, as detailed in Appendix 2, subject to approval by full Council.

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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

CARLISLE CITY COUNCIL

To: The Executive
7 July 2003

FS19/03

GENERAL FUND CAPITAL PROGRAMME 2002/03 AND 2003/04

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 This report sets out the summarised provisional financial out-turn for the General Fund Capital Programme as follows:

Appendix 1 – Details the out-turn for individual schemes

Appendix 2 – Details the revised programme for 2003/04

- 1.2 Please note that throughout this report a minus (-) figure represents a favourable variance i.e. either an underspend or additional income received.

2. SUMMARY FINANCIAL OUTTURN 2002/03

- 2.1 **Appendix 1** details the out-turn for schemes included within the General Fund Capital programme compared to the revised budget approved by Council in February 2003. The totals provided in Appendix 1 are summarised in the table below:

	<u>2002/03 Revised Budget</u>	<u>2002/03 Actual</u>	<u>2002/03 Underspend/ Overspend</u>	<u>Slippage To 2003/04</u>	<u>2002/03 Net Underspend /Overspend</u>
	£	£	£	£	£
Capital Programme	3,999,840	1,729,830	-2,270,010	2,225,101	-44,909
Other Schemes	10,000	5,490	-4,510	9,540	5,030
TOTAL	3,976,840	1,735,320	-2,241,520	2,234,641	-39,879

This report sets out below the financial implications arising from the out-turn including the impact on the capital resource implications for 2003/04.

3. EXPLANATION OF MAJOR VARIANCES

- 3.1 During the year, as well as the deferment of purchases totalling £532,262 which will be funded in 2003/04, 6 items of vehicles, plant and equipment amounting to £58,931 were financed via an operational lease as opposed to being funded from the Repairs and Renewals Reserve. This has resulted in a reduced call on the Repairs and Renewals Reserve in 2002/03 of £591,193. Members of the Executive should note that Internal Audit staff are currently conducting a VFM study into the use of the Repairs and Renewals Reserve, the results of which will be reported to a future meeting of the Executive.
- 3.2 The Millennium Gateway Scheme underspend of £738,718 can be mainly attributed to the delay in the submission of final elements in respect of the many works packages awarded in respect of the project. This sum will need to be carried forward as slippage into 2003/04 to complete the scheme.

4. FINANCING OF CAPITAL PROGRAMME 2002/03

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

	<u>Revised Budget</u> £	<u>Provisional Out-turn</u> £
Capital Programme expenditure in year	3,998,840	1,729,830
Other Capital Schemes	10,000	5,490
Less: Creditor provisions 2002/03 (note 1)	0	-140,157
Add: Unfinanced Expenditure 2001/02 (note 2)	91,500	91,499
Total Expenditure to be financed	4,101,340	1,686,662
<u>Financed By:</u>		
Capital Receipts (note 3)	1,036,940	449,043
Repairs & Renewals Reserve	793,450	189,845
Capital Projects Fund	845,812	111,857
Private Sector Contributions	99,400	0
Millennium Commission Grant	319,738	229,484
Loan (BCA) (note 4)	322,000	413,592
Specified Capital Grant (DFG)	156,000	156,000
Revenue Contributions	528,000	45,342
Total Financing in year	4,101,340	1,595,163
Unfinanced Expenditure in year c/fwd (note 2)	0	91,499
Total Financing	4,101,340	1,686,662

Notes:

1. Works completed 2002/03 but not invoiced until 2003/04.
2. Outstanding grant claims in respect of Hammonds Pond. The claim has been approved and will be paid in June 2003.
3. Usable capital receipts carried forward from 2001/02 and those generated during 2002/03 amount to £1,295,360 compared to the revised estimate figure of £1,036,940, an increase of £258,420. Of this sum £449,043 has been used to fund the General Fund Capital Programme in 2002/03, with the balance (£846,317) being carried forward to 2003/04.
4. The City Council is entitled to an additional Basic Credit Approval (BCA) of £91,592 as a result of movements in the level of credit cover provided on Kingmoor Park properties at the time it ceased to be a Local Authority controlled company compared with the position 12 months earlier. This adjustment only applies to 2002/03.

5. **CAPITAL PROGRAMME 2003/04**

- 5.1 The revised Capital Programme for 2003/04 totalling £7,706,323 is detailed in **Appendix 2** along with the revised budgets for those other schemes funded from Capital Resources. This is based upon the programme as agreed by Council in February 2003, together with the commitments brought forward from the previous financial year as identified. A supplementary estimate is also included which was approved by the Executive in April 2003 in relation to Raffles Vision amounting to £407,100 (£249,100 and £158,000 for 2003/04 and 2004/05 respectively) as well as a carry forward request from the Public sector HIP for Raffles totalling £293,686. The replacement of certain vehicles totalling £82,000 was deferred until 2004/05 (report CTS 07/03) and the budgets have been adjusted accordingly. These, together with the relevant proposed methods of financing, will ultimately require approval by full Council.

5.2 The revised programme could be financed as follows:

	<u>Original Budget</u> £	<u>Revised Budget</u> £
Original Programme	4,793,280	4,793,280
Replacements deferred (per CTS 07/03)	0	-82,000
Add: Slippage from 2002/03	0	2,225,101
Add: Slippage from 2002/03 HIP (see para 5.1)	0	293,686
Add: Supplementary estimate re Raffles Vision (see para 5.1)	0	249,100
Add: Millennium Scheme (note 1)	0	172,000
Add: Shaddonmill (note 2)		55,156
Revised Programme	4,793,280	7,706,323
Add: Slippage (Other Schemes) 2002/03	0	9,540
Add: Creditor Provisions 2002/03 (HIP)	0	35,444
Add: Creditor Provisions 2002/03	0	140,157
Add: Unfinanced Expenditure 2002/03	0	91,499
Total Expenditure to be financed	4,793,280	7,982,963
Financed by:		
Basic Credit Approval	1,153,000	1,153,000
Specified Capital Grants (DFG)	156,000	156,000
Capital Receipts	1,141,000	1,919,598
Capital Grants	650,000	650,000
Repairs & Renewals Reserve	1,093,280	1,557,751
Capital Projects Fund	600,000	1,437,354
Private Sector Contributions	0	0
Revenue Contributions (including HRA balances)	0	1,017,761
Millennium Commission Grant		91,499
Total Financing	4,793,280	7,982,963

Notes:

1. The total Millennium Gallery budget amounts to £9,768,150. The anticipated 'worst' case final cost is estimated at £172,000 in excess of that budget. The main causes of the overspend concern the Irish Gate Bridge (£33,000), the Gallery (£146,000) and Post Excavation Archaeology (£28,000). Whilst this adds up to £207,000 in total, underspends of £35,000 have occurred elsewhere, reducing the net overspend to £172,000. Details regarding the variations are discussed as part of

the Head of Legal & Democratic Services Report (LDS.35/03) elsewhere on this agenda.

It must be emphasised that this is the worst case scenario and negotiations are still taking place around the final contract payment. The 'best' case final estimated expenditure on the project as presented in LDS.35/03 provides an excess of £74,000. In their earlier reports to the Executive MPM Capita indicated that they estimated that the potential outturn cost range for the Gallery only (excluding Irish Gate Bridge) would be between the Councils approved budget and up to £100,000 over that. The final figure being dependant on the settlement point in respect of the accounts opposite the various works packages. This report has been prepared on the assumption that the 'worst' case scenario of £172,000 is to be financed in 2003/04.

2. The finds from the Gateway project were stored at Shaddonmill previously leased by Carlisle Archaeology. As a consequence of Carlisle Archaeology Limited ceasing trading, the City Council agreed to take on the lease in order that the Oxford Archaeology Unit could have access to the finds, during the estimated 5 year period of the conservation programme. The City Council agreed to indemnify and reimburse Bradford University (Carlisle Archaeology's parent) against the costs of holding the lease until the transfer could be completed. That dates back to September 2001.

In reporting this matter to Committee in 2001 the City Treasurer recommended that the cost should fall against the capital cost of the post archaeological conservation programme, since that was the purpose for taking the lease in the first instance. This report has been prepared on the assumption that the relevant costs, as detailed in the table, are financed in 2003/04 and future costs will be incorporated into the forward capital programme.

	2002/03	2003/04	2004/05	2005/06	Total
Budget Requirement	£34,341	£20,815	£27,480	£11,770	£94,406

6. CONSULTATION

6.1 Consultation to Date.

CMT and the Strategic Financial Planning Group considered the report on 23 June 2003 and their comments have been incorporated into the report.

6.2 Consultation proposed.

Not applicable

7. RECOMMENDATIONS

7.1 The Executive is asked:

- i to agree the 2002/03 out-turn, as detailed in Appendix 1, and note that the figures are provisional and subject to audit,
- ii to agree the revised programme for 2003/04, as detailed in Appendix 2, subject to approval by full Council.

8. REASONS FOR RECOMMENDATIONS

as stated above

9. IMPLICATIONS

- Staffing/Resources – Not applicable
- Financial – contained within the main body of the report.
- Legal – Not applicable
- Corporate – CMT and the Strategic Financial Planning Group have considered this report and their comments have been incorporated.
- Risk Management – Not applicable
- Equality Issues – Not applicable
- Environmental – Not applicable
- Crime and Disorder – Not applicable

ANGELA BROWN

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GENERAL FUND CAPITAL PROGRAMME
INDIVIDUAL SCHEMES

Appendix 1

PROVISIONAL OUTTURN 2002/03	REVISED BUDGET £	OUTTURN £	VARIANCE £	SLIPPAGE TO 2003/04 £	FINAL VARIANCE £
CAR PARK IMPROVEMENTS	123,000	0	-123,000	123,000	0
ASSET MANAGEMENT PLAN	133,000	52,168	-80,832	80,000	-832
PLANNED MAJOR REPAIRS	155,000	126,084	-28,916	38,500	9,584
DDA ACT	215,000	63,397	-151,603	164,015	12,412
IEG	0	0	0	0	0
BOUSTEADS GRASSING IMPROVEMENTS	250,000	17,942	-232,058	232,060	2
CIVIC SPACE PLANNING	100,000	12,501	-87,499	87,500	1
GREYSTONE SCHOOL	940	0	-940		-940
LEISURETIME INVESTMENT	0	5,646	5,646		5,646
HAMMONDS POND	0	0	0	0	0
BURIAL CHAPEL	0	1,796	1,796		1,796
SHEEPMOUNT LOTTERY BID	75,000	15,115	-59,885	60,100	215
PLAY AREA IMPROVEMENTS	50,000	50,375	375		375
MILLENNIUM GALLERY	1,110,450	371,732	-738,718	738,718	0
VEHICLES, PLANT & EQUIPMENT/CONCESSIONARY FARES	793,450	202,257	-591,193	532,262	-58,931
PRIVATE SECTOR HIP	994,000	810,817	-183,183	168,946	-14,237
TOTAL GENERAL FUND CAPITAL PROGRAMME	3,999,840	1,729,830	-2,270,010	2,225,101	-44,909

OTHER SCHEMES FUNDED FROM CAPITAL RESOURCES					
KINGMOOR PARK	10,000	460	-9,540	9,540	0
SPORTS DEVELOPMENT	0	5,030	5,030	0	5,030
TOTAL OTHER SCHEMES	10,000	5,490	-4,510	9,540	5,030

TOTAL	4,009,840	1,735,320	-2,274,520	2,234,641	-39,879
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GENERAL FUND CAPITAL PROGRAMME
INDIVIDUAL SCHEMES

Appendix 2

REVISED PROGRAMME 2003/04	ORIGINAL BUDGET £	COMMITMENTS B/FWD £	OTHER ADJUSTMENTS £	REVISED BUDGET £
LEISURETIME INVESTMENT	630,000			630,000
IMPLEMENTING ELECTRONIC GOVERNMENT	200,000			200,000
CREMATION REFURBISHMENT	225,000			225,000
ASSET INVESTMENT FUND	200,000			200,000
DISABLED DISCRIMINATION ACT	220,000	164,015		384,015
MAJOR REPAIRS TO COUNCIL PROPERTY	200,000	38,500		238,500
LAND & PROPERTY GAZATEER	65,000			65,000
NATIONAL LAND INFORMATION SYSTEM	52,000			52,000
LEDGER REPLACEMENT	100,000			100,000
PRIVATE SECTOR RENEWAL	768,000	168,946		936,946
PETTERIL BANK COMMUNITY PROJECT	90,000			90,000
SHEEPMOUNT DEVELOPMENT	500,000	60,100		560,100
KERBSIDE RECYCLING	150,000			150,000
CUSTOMER CONTACT	500,000			500,000
GIS	0			0
CCTV BID	125,000			125,000
VEHICLES PLANT & EQUIPMENT	768,280	532,262	-82,000	1,218,542
CAR PARK IMPROVEMENTS		123,000		123,000
ASSET MANAGEMENT PLAN		80,000		80,000
CIVIC SPACE PLANNING		87,500		87,500
MILLENNIUM SCHEME		738,718	172,000	910,718
BOUSTEADS GRASSING IMPROVEMENTS		232,060		232,060
RAFFLES VISION		293,686	249,100	542,786
SHADDONMILL			55,156	55,156
TOTAL GENERAL FUND CAPITAL PROGRAMME	4,793,280	2,518,787	394,256	7,706,323

OTHER SCHEMES FUNDED FROM CAPITAL RESOURCES				
KINGMOOR PARK	0	9,540	0	9,540
TOTAL OTHER SCHEMES	0	9,540	0	9,540
TOTAL	4,793,280	2,528,327	394,256	7,715,863

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