

Report to Council

**Agenda
Item:

15(iii)**

Meeting Date: 14th July 2020
 Portfolio: Finance, Governance and Resources
 Key Decision: Yes: Recorded in the Notice Ref: KD.05/20
 Within Policy and Budget Framework YES
 Public / Private Public

Title: PROVISIONAL CAPITAL OUTTURN 2019/20 – CARRY FORWARDS
 Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
 Report Number: RD14/20

Purpose / Summary: This report provides details of the 2019/20 provisional outturn for the Council's Capital Programme and provides details of the revised Capital Programme for 2020/21. The provisional outturn was considered by the Executive on 22 June and will be available for the Business and Transformation Scrutiny Panel if required.

Recommendations:

Council is asked to:

- (i) Approve the carry forward requests totalling £2,568,500 to be met in 2020/21 as set out in the report;
- (ii) Approve the revised programme for 2020/21, together with the proposed methods of financing, as detailed at paragraph 3 which incorporates the updated budgets for the Civic Centre development.

Tracking

Executive:	22 June 2020 (RD02/20)
Scrutiny:	BTSP 23 July 2020 (RD02/20 – if required)
Audit Committee:	30 July 2020 (RD02/20 - for information only)
Council:	14 July 2020

1. BACKGROUND

1.1 This report provides details of the 2019/20 provisional outturn for the Council's Capital Programme and provides details of the revised Capital Programme for 2020/21.

1.2 The provisional outturn is summarised below:

Directorate	Revised Annual Budget	Total Expenditure	Variance	Carry Forwards (Committed)	Revised Variance
	£	£	£	£	£
Community Services	4,148,400	2,356,405	(1,791,995)	1,697,900	(94,095)
Corporate Support	54,400	24,673	(29,727)	29,700	(27)
Economic Development	1,730,400	1,649,823	(80,577)	162,300	81,723
Governance & Regulatory Services	4,678,800	4,025,205	(653,595)	656,700	3,105
Total	10,612,000	8,056,106	(2,555,894)	2,546,600	(9,294)
Capital Exceptional Items	77,700	54,923	(22,777)	21,900	(877)
Total	10,689,700	8,111,029	(2,578,671)	2,568,500	(10,171)
Reserves to be released	0	0	0	0	0
Total	10,689,700	8,111,029	(2,578,671)	2,568,500	(10,171)

2. CARRY FORWARD REQUESTS

2.1 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.

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

2.3 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 **Appendix A**, it is estimated that the full £2,568,500 will be spent in 2020/21.

3. 2020/21 CAPITAL PROGRAMME AND FINANCING

3.1 The updated Capital Programme for 2020/21 is detailed in **Appendix A** totalling £29,915,800 and is based upon the programme as agreed by Council in February 2020 of £14,160,600, the commitments brought forward from 2019/20 as identified above of £2,568,500, the commitments brought forward from 2019/20 already approved of £10,952,800, an increase of £432,500 for additional Disabled Facilities Grant awarded which has recently been advised and totals £1,899,764, an increase to the capital programme of £2,581,400 as approved by Council for the Civic Centre Development project, and a reduction in the programme of £780,000 relating to identified virements and carry forwards to provide the balance of funding for the Civic Centre Development project.

3.3 The 2020/21 programme will be continually reviewed to ensure the Council has the capacity to deliver this level of programme.

3.4 If all of the carry forward requests are approved, it is suggested that the revised programme for 2020/21 is financed as follows:

	<u>Original Budget</u> £	<u>Revised Budget</u> £
Original Programme	14,160,600	14,160,600
Add: Carried forward from 2019/20 (in Year)	0	10,952,800
Add: Carried forward from 2019/20 (Year End)	0	2,568,500
Add: Other adjustments to programme	0	2,655,100
Less: Carry Forwards into 2021/22	0	(421,200)
Total Expenditure to be financed	14,160,600	29,915,800
<u>Financed by:</u>		
Capital Grants		
• DFG	1,467,300	1,899,800
• General	203,700	2,256,900
Capital Receipts	2,010,000	2,190,000
Receipts used to fund resources	(112,000)	(112,000)
Contributions from other bodies	0	96,700
Direct Revenue Financing	1,017,600	3,243,100
Borrowing Requirement (In Year)	9,574,000	20,341,300
Total Financing	14,160,600	29,915,800

4. RISKS

4.1 Individual capital schemes have different risks involved.

5. CONSULTATION

5.1 Consultation to Date.

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

6. CONCLUSIONS AND REASONS FOR RECOMMENDATIONS

6.1 Council is asked to:

- (i) Approve the carry forward requests totalling £2,568,500 to be met in 2020/21 as set out in the report;
- (ii) Approve the revised programme for 2020/21, together with the proposed methods of financing, as detailed at paragraph 3 which incorporates the updated budgets for the Civic Centre development.

7. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

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**Appendices
attached to report:**

A – 2020/21 Revised Capital Programme

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 in the main body of the report.

FINANCE – Financial implications are contained in 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.

2020/21 CAPITAL PROGRAMME

APPENDIX A

Scheme	Original Capital Programme 2020/21 £	Carry Forwards from 2019/20 £	Carry Forwards from 2019/20 £	Other Adj's £	Carry Forwards to 2021/22 £	Revised Capital Programme 2020/21 £
<u>Current non-recurring commitments</u>						
Sands Centre Redevelopment	10,962,200	5,037,800	679,300	0	0	16,679,300
On Street Charging Points Infrastructure	203,700	0	0	0	0	203,700
Gateway 44	0	5,000,000	21,900	(400,000)	0	4,621,900
Civic Centre Development	0	0	0	2,581,400	0	2,581,400
Funding carry forward to 2021/22 for Civic project	0	0	0	421,200	(421,200)	0
Play Area Improvements	0	0	47,800	0	0	47,800
Open Space Improvements	0	0	80,700	0	0	80,700
Cemetery Infrastructure	0	0	5,700	0	0	5,700
Central Plaza	0	0	12,300	0	0	12,300
Planning Software	0	0	150,000	0	0	150,000
Bitts Park Flood Reinstatement	0	0	21,900	0	0	21,900
	11,165,900	10,037,800	1,019,600	2,602,600	(421,200)	24,404,700
<u>Recurring commitments</u>						
Planned Enhancements to Council Property	250,000	0	146,800	0	0	396,800
Vehicles, Plant & Equipment	648,000	0	884,400	0	0	1,532,400
Recycling Containers	45,000	0	0	0	0	45,000
ICT Infrastructure	281,300	0	29,700	0	0	311,000
	1,224,300	0	1,060,900	0	0	2,285,200
<u>Housing Related Grants</u>						
Private Sector Grants	1,467,300	500,000	464,800	432,500	0	2,864,600
Minor Works Grants	0	0	23,200	0	0	23,200
	1,467,300	500,000	488,000	432,500	0	2,887,800
TOTAL	13,857,500	10,537,800	2,568,500	3,035,100	(421,200)	29,577,700
<u>Capital Reserves to be released</u>						
Cemetery Infrastructure	30,000	0	0	0	0	30,000
LED Footway Lighting Installation	203,100	0	0	0	0	203,100
Skew Bridge Deck	70,000	0	0	0	0	70,000
Play Area Improvements	0	35,000	0	0	0	35,000
Public Realm Improvements	0	380,000	0	(380,000)	0	0
	303,100	415,000	0	(380,000)	0	338,100
REVISED TOTAL	14,160,600	10,952,800	2,568,500	2,655,100	(421,200)	29,915,800

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 22 JUNE 2020

**EX.55/20 **PROVISIONAL CAPITAL OUTTURN 2019/20 AND REVISED
CAPITAL PROGRAMME 2020/21
(Key Decision – KD.05/20)**

(In accordance with Paragraph 15(i) of the Overview and Scrutiny Procedure Rules, The Mayor had agreed that call-in procedures should not be applied to this item)

Portfolio Finance, Governance and Resources

Relevant Scrutiny Panel Business and Transformation

Subject Matter

The Deputy Leader submitted report RD.02/20 summarising the 2019/20 provisional outturn for the Council's Capital Budget; and providing details of the revised Capital Programme for 2020/21. The outturn showed that the net underspend for Council services as at 31 March 2020 once committed expenditure totalling £2,568,500 was taken into account was £10,171.

Details of the resources which had been utilised to fund the 2019/20 Capital Programme, together with the 5 year Capital Programme for the period 2020/21 to 2024/25 were also provided.

The programme for 2020/21 totalling £29,915,800 was based upon the programme as agreed by Council in February 2020 of £14,160,600, the commitments brought forward from 2019/20 as identified of £2,568,500, the commitments brought forward from 2019/20 already approved of £10,952,800, an increase of £432,500 for additional Disabled Facilities Grant awarded which had recently been advised and totalled £1,899,764, an increase to the capital programme of £2,581,400 as approved by Council for the Civic Centre Development project, and a reduction in the programme of £780,000 relating to identified virements and carry forwards to provide the balance of funding for the Civic Centre Development project.

The 2020/21 programme would be continually reviewed to ensure the Council had the capacity to deliver that level of programme. The information contained within the report was provisional and subject to the formal audit process.

The Deputy Leader concluded by moving the recommendations, which were duly seconded by the Leader.

Summary of options rejected that the net underspend and the revised programme for 2020/21 should not be recommended to Council

DECISION

That the Executive:

- (i) Note the net underspend as at 31 March 2020 of £10,171 which includes committed expenditure to be met totalling £2,568,500, which is recommended by the Corporate Director of Finance and Resources for approval to Council;
- (ii) Had considered the revised programme for 2020/21, together with the proposed methods of financing and proposed carry forward into 2021/22, as detailed at paragraph 5 and Appendix B, for recommendation to Council.

Reasons for Decision

To receive the report on the Provisional Capital Outturn for 2019/20 and make recommendations to the City Council on the 2020/21 Capital Programme