

Carlisle City Council

Report to Council

Meeting Date: 19 July 2022
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: K.11/22
Policy and Budget Framework: Yes
Public / Private: Public

Title: Provisional Capital Outturn 2021/22 – Carry Forwards
Report of: Corporate Director of Finance and Resources
Report Number: RD.24/22

Purpose / Summary:

This report provides details of the 2021/22 provisional outturn for the Council's Capital Programme and provides details of the revised Capital Programme for 2022/23. The provisional outturn was considered by the Executive on 25 May and People Panel on 9 June.

Recommendations:

Council is asked to:

- (i) Approve the carry forward requests totalling £7,106,700 to be met in 2022/23 as set out in the report;
- (ii) Approve the reprofiling of £2,284,500 for Future High Street Fund Projects into 2022/23 as set out in paragraph 3;
- (iii) Approve the revised programme for 2022/23, together with the proposed methods of financing and virement request, as detailed at paragraph 3.

Tracking

Executive:	25 May 2022 (RD04/22)
Scrutiny:	People Panel - 9 June 2022 (RD04/22)
Audit Committee	8 July 2022 (RD03/22 – for information only)
Council:	19 July 2022

1. Background

- 1.1 This report provides details of the 2021/22 provisional outturn for the Council's Capital Programme and provides details of the revised Capital Programme for 2022/23.
- 1.2 The provisional outturn position for the 2021/22 capital programme is summarised below:

Capital Expenditure	Revised Annual Budget	Total Expenditure	Variance	Carry Forwards (Committed)	Adjusted Variance
	£	£	£	£	£
Community Services	20,364,900	16,722,875	(3,642,025)	3,828,800	186,775
Corporate Support	439,600	409,978	(29,622)	29,600	(22)
Economic Development	2,944,700	1,246,381	(1,698,319)	1,689,600	(8,719)
Finance & Resources	80,900	37,444	(43,456)	43,500	44
Governance & Regulatory Services	4,208,300	2,530,744	(1,677,556)	1,135,200	(542,356)
Exceptional Items	7,200	7,164	(36)	0	(36)
Total Expenditure	28,045,600	20,954,586	(7,091,014)	6,726,700	(364,314)
Reserves to be released	380,000		(380,000)	380,000	0
Total Expenditure	28,425,600	20,954,586	(7,471,014)	7,106,700	(364,314)

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 the achievement of more strategic five-year budgeting which requires 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 (now People) 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 £7,106,700 will be spent in 2022/23.

3. 2022/23 Capital Programme and Financing

3.1 The updated Capital Programme for 2022/23 is detailed in **Appendix A** totalling £45,447,400 is based upon the programme as agreed by Council in February 2022 of £36,074,100, the commitments brought forward from 2021/22 as identified above of £7,106,700, the commitments brought forward from 2021/22 already approved of £4,295,300, an increase of £255,800 for additional Disabled Facilities Grant award which has recently been advised and totals £2,155,574, and the following additional adjustments:

- **Council are asked to approve the reprofiling of £2,284,500 for Future High Street Projects due to revised grant payment profiles provided.**

3.2 The 2022/23 programme will be continually reviewed to ensure the Council has the capacity to deliver this level of programme.

3.3 If all of the carry forward requests are approved, it is suggested that the revised programme for 2022/23 is financed as follows:

	<u>Original Budget</u> £	<u>Revised Budget</u> £
Original Programme	36,074,100	36,074,100
Add: Carried forward from 2021/22 (in Year)	0	4,295,300
Add: Carried forward from 2021/22 (Year End)	0	7,106,700
Add: Other adjustments to programme	0	(2,028,700)
Total Expenditure to be financed	36,074,100	45,447,400
<u>Financed by:</u>		
Capital Grants		
• DFG	1,899,800	2,155,600
• Sustainable Warmth	17,745,000	19,955,000
• Future High Street Fund	3,363,200	2,780,200
• General	66,000	933,700
Capital Receipts	285,500	285,500
Receipts used to fund resources	(112,000)	(112,000)
Contributions from other bodies	0	828,300
Direct Revenue Financing	1,962,400	2,365,000
Borrowing Requirement (In Year)	10,864,200	16,256,100
Total Financing	36,074,100	45,447,400

4. Risks

4.1 Individual capital schemes have different risks involved.

5. Consultation

5.1 Consultation to date.

Portfolio Holders, SMT, The Executive and People Panel have considered the issues raised in this report.

6. Conclusion and reasons for recommendations

6.1 Council is asked to:

- (i) Approve the carry forward requests totalling £7,106,700 to be met in 2022/23 as set out in the report;
- (ii) Approve the reprofiling of £2,284,500 for Future High Street Fund Projects into 2022/23 as set out in paragraph 3;
- (iii) Approve the revised programme for 2022/23, together with the proposed methods of financing and virement request, as detailed at paragraph 3.

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. 2022/23 Revised Capital Programme

Note: in compliance with section 100d of the Local Government Act 1972 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.

2022/23 CAPITAL PROGRAMME

APPENDIX A

Scheme	Original Capital Programme 2022/23 £	Carry Forwards from 2021/22 £	Carry Forwards from 2021/22 £	Other Adjustments £	Revised Capital Programme 2022/23 £
<u>Current non-recurring commitments</u>					
Sands Centre Redevelopment	3,450,200	0	3,240,900	0	6,691,100
Energy Monitoring System	0	0	12,000	0	12,000
Future High Street Fund - Market Square	1,011,800	377,300	80,000	(390,000)	1,079,100
Future High Street Fund - 6-24 Castle Street	510,700	42,600	110,700	(170,200)	493,800
Future High Street Fund - Central Plaza	1,787,300	632,400	37,500	(1,669,700)	787,500
Future High Street Fund - Devonshire Street	220,900	33,600	40,000	(54,500)	240,000
Future High Street Fund - Delivery Costs	122,500	33,400	24,000	(100)	179,800
Cemetery Infrastructure	0	0	5,700	0	5,700
Carlisle Southern Link Road	5,000,000	0	0	0	5,000,000
Planning Software	0	0	150,000	0	150,000
Play Area Improvements	250,000	0	205,500	0	455,500
Sands Car Park Resurfacing	210,000	0	0	0	210,000
Swifts Car Park Resurfacing	200,000	0	0	0	200,000
Towns Deal - Caldew Riverside	0	0	646,600	0	646,600
Gateway 44	0	0	300,000	0	300,000
Rough Sleeping Initiative	0	0	4,800	0	4,800
Bitts Park Public Realm	0	32,000	10,000	0	42,000
Financials Upgrade	0	0	43,500	0	43,500
Affordable Homes	0	0	600,800	0	600,800
Sustainable Warmth Competition	17,745,000	2,210,000	0	0	19,955,000
	30,508,400	3,361,300	5,512,000	(2,284,500)	37,097,200
<u>Recurring commitments</u>					
Planned Enhancements to Council Property	250,000	80,000	127,700	0	457,700
Vehicles, Plant & Equipment	1,185,500	0	366,700	0	1,552,200
Recycling Containers	45,000	0	0	0	45,000
ICT Infrastructure	410,400	54,000	29,600	0	494,000
	1,890,900	134,000	524,000	0	2,548,900
<u>Disabled Facilities Grants</u>					
Private Sector Grants	1,899,800	800,000	608,400	255,800	3,564,000
Empty Property Grants	0	0	82,300	0	82,300
	1,899,800	800,000	690,700	255,800	3,646,300
TOTAL	34,299,100	4,295,300	6,726,700	(2,028,700)	43,292,400
<u>Capital Reserves to be released</u>					
Crematorium Infrastructure	1,775,000	0	350,000	0	2,125,000
Cemetery Infrastructure	0	0	30,000	0	30,000
	1,775,000	0	380,000	0	2,155,000
REVISED TOTAL	36,074,100	4,295,300	7,106,700	(2,028,700)	45,447,400

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 25 MAY 2022

EX.71/22 PROVISIONAL CAPITAL OUTTURN 2021/22 AND REVISED CAPITAL PROGRAMME 2022/23

(Key Decision – KD.11/22)

Portfolio Finance, Governance and Resources

Relevant Scrutiny Panel People Panel

Subject Matter

The Finance, Governance and Resources Portfolio Holder submitted report RD.04/22 summarising the 2021/22 provisional outturn for the Council's Capital Budget; and providing details of the revised Capital Programme for 2022/23. The outturn showed that the net underspend for Council services as at 31 March 2022 once committed expenditure totalling £7,106,700 was taken into account was £364,314.

Details of the resources which had been utilised to fund the 2021/22 Capital Programme, together with the 5 year Capital Programme for the period 2022/23 to 2026/27 were also provided.

The 2022/23 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 Finance, Governance and Resources Portfolio Holder concluded by moving the recommendations, which were duly seconded by the Economy, Enterprise and Housing Portfolio Holder.

Summary of options rejected that the net underspend and the revised programme for 2022/23 should not be recommended to Council.

DECISION

That the Executive:

- (i) Noted the net underspend as at 31 March 2022 of £364,314 which included committed expenditure to be met totalling £7,106,700, which was recommended by the Corporate Director of Finance and Resources for approval to Council;
- (ii) Considered the revised programme for 2022/23, together with the proposed methods of financing and virement request, as detailed at paragraph 5 and Appendix B of report RD.04/22, for recommendation to Council.

Reasons for Decision

To receive the report on the Provisional Capital Outturn for 2021/22 and make recommendations to the City Council on the 2022/23 Capital Programme.

EXCERPT FROM THE MINUTES OF THE PEOPLE PANEL HELD ON 9 JUNE 2022

PEP.06/22 PROVISIONAL CAPITAL OUTTURN 2021/22 AND REVISED CAPITAL PROGRAMME 2022/23

The Corporate Director of Finance and Resources submitted report RD.04/22 summarising the 2021/22 the provisional outturn for the Council's Capital Budget; and providing details of the revised Capital Programme for 2022/23. The outturn showed that the net underspend for Council services as at 31 March 2022, once committed expenditure totalling £7,106,700 was taken into account, was £364,314.

Details of the resources which had been utilised to fund the 2021/22 Capital Programme, together with the 5 year Capital Programme for the period 2022/23 to 2026/27 were also provided. The 2022/23 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.

In considering the report Members raised the following questions and comments:

- A number of programmes listed within the report were subject to ring fenced funding, would the ring fencing be carried over to the Cumberland Council and had any contingency for cost escalation been incorporated?

The Corporate Director of Finance and Resources confirmed the ring fenced funds for the projects would continue to be set aside, with reference to the Future High Streets Fund and Borderlands Projects other authorities subject to LGR would also have financial involvement. Some of the schemes were being delivered by the Council's partners who would be liable for any cost overruns. The Corporate Director indicated that she did not have specific details relating to those matters to hand, but should the Panel require it was able to circulate written information to Members.

- There were a number of projects within the Capital Programme that were not in keeping with the anticipated timeline or budget, was the project management being effective in its delivery?

The Corporate Director responded that it was not unusual for costs and timelines to exceed those originally set out. The Council's Project Board was responsible for monitoring the delivery of projects a report on the matter was regularly submitted to the former Business and Transformation Scrutiny Panel. Risk assessments would be carried on existing projects that would not be completed by the end of March 2023, with any issues identified being included in the Council's Risk Register.

- Regarding the additional Disabled Facilities Grants (DFG) funding, had the new monies been allocated?

The Corporate Director of Finance and Resources advised that the additional funding had only recently been announced and was allocated by the Better Care Fund from Cumbria County Council. The allocation of the monies would be monitored through these reports going forward which would be submitted on a quarterly basis; any unspent were anticipated to be retained under the Housing Renewal Assistance Policy. The Corporate Director undertook to write to the Panel with details of how any monies not spent on DFGs would be used.

The Chair welcomed the report.

RESOLVED - 1) That the Provisional Capital Outturn 2021/22 and Revised Capital Programme 2022/23 be noted.

2) That the Corporate Director of Finance and Resources provide written information to the Panel regarding:

- i) The financial contingencies in place for the Future High Street Fund projects;
- ii) The potential use of monies allocated for Disabled Facilities Grants that had not been used.

