

CAPITAL PROGRAMME 2004/05 – DRAFT OUTTURN

EXECUTIVE MEMBER:

LEAD OFFICER: SUE BORWICK

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Summary: This report informs Members of the pre-audit outturn position of the capital programme, for the financial year 1st April 2004 to 31st March 2005.

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| Recommendations: | <ol style="list-style-type: none">a. To approve the changes as detailed in Appendix Ab. To approve the carry forward of £1,879,118 (£769,085 CBC and £1,110,033 external funding), Appendix Bc. To approve the transfer of the net CBC under spend of £37,429 to the Major projects Fund Appendix C and D,(paragraph 3.11)d. To note the position at the year-end |
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Impact on delivering Copeland 2020 objectives This will impact across all the objectives as it relates to the financing of the capital projects and schemes of the Authority

Impact on other statutory Objectives (eg Crime & Disorder, LA 21) As above

- Financial and Human resource Implications:**
- a. Expenditure of £3,365,362 compared to a revised budget of £4,965,602
 - b. Total cost of projects to be carried forward to 2004/05 of £1,879,118 (CBC £769,085 and external £1,110,033)
 - c. A transfer to the Major Projects Fund of £37,429

Project & Risk management Project Management for the individual schemes is allocated out to Business Managers. Financial monitoring and variance analysis is completed on a monthly basis by Accountancy.

Key Decision Status

- **Financial:** Yes
- **Ward:** None

Other Ward Implications: None

1. BACKGROUND

- 1.1 This report shows the expenditure against budget on the capital programme for the financial year 2004/05.
- 1.2 At the end of each financial month, a statement is prepared by accountancy, of the actual expenditure to date on each individual capital project. This is circulated to managers together with their monthly revenue monitoring and discussed in the monthly meetings.
- 1.3 Changes that affect the financing of the capital programme are reported to Executive throughout the year, for approval. Accountancy monitors these changes, and maintains an overall financing position of the capital programme. A number of changes have taken place since the last report and these changes are detailed in [Appendix A](#). Executive is asked to formally approve these changes to the budget for 2004/05.
- 1.4 The overall budget for 2004/05 stands at £4,965,602 of which £1,664,471 is CBC funding and £3,301,131 is from external sources.
- 1.5 Projects not complete by the end of the financial year require formal approval for the financing to be carried over to the next year. In order to achieve budget savings it is essential that all requests for carry forward be critically examined in the monitoring meetings. This ensures that only committed or ongoing schemes are approved.

2. CARRY FORWARD REQUESTS

- 2.1 [Table 1 in Appendix B](#) sets out the approved budgets and spend on all non-housing capital schemes. In total it is requested that £1,879,118 is carried forward to 2004/05.
- 2.2 Projects not complete by the end of the financial year require formal approval for the financing to be carried over to the next year.
- 2.3 The schemes with large sums requested to be carried forward, are explained in more detail in the following paragraphs.

2.3.1 Whitehaven Town Centre Manager - £76,469

This is to carry the remainder of the budget forward into the final year of the ERDF scheme.

2.3.2 Whitehaven Regeneration Programme - £25,639

This is funding is secured from the North West Development Agency (NWDA). The framework is not yet completed, and in fact may be extended in 2005/06 with the securing of additional funds from NWDA.

2.3.3 Former Co-op Cleator Moor - £52,830

This is an ongoing commitment with a number of external funders to be brought into the programme in 2005/05. A report on the position was reported to Executive in December 04, where a further £79,413 was allocated to the scheme from the major projects fund.

2.3.4 Historic Buildings Grants - Egremont - £8,605

As no budget was awarded in 05/05 for Historic Buildings Grants, it is requested that this budget is carried forward to be used to award grants.

2.3.5 Connecting Copeland Economic Development - £37,783

This is an externally funded scheme, with the funding provided from the Employment Support Fund. The scheme is a three-year scheme, but will straddle four financial years.

2.3.6 Market Towns Initiative - £14,500

This is match funding for NWDA supported programmes, however delays in approving the programme submissions for Egremont and Millom have necessitated the carry forward of this budgets.

2.3.7 Millom Regeneration Officer - £27,543

A three-year scheme was approved by the NWDA for the Millom Market Town Programme Administration. The manager has now been appointed and is awaiting the approval of the programme submission.

2.3.8 Coalfields match funding programme - £ 104,528

The individual projects have now been approved and submitted to Executive. Work has now commenced on a number of these projects.

2.3.9 Townscape Heritage Initiative - £480,990

This is currently committed to the Cleator Moor scheme and includes large sums from European Regional Dev Fund (ERDF), Heritage Lottery Fund (HLF) and Single Regeneration Budget (SRB). The scheme is delayed due to the works around the former Co-op building.

2.3.10 Egremont Regeneration Officer and Activity - £70,175

A revised new revenue-funding package has been agreed on a three year rolling programme. The post holder has now been appointed and is due to commence his employment at the end of May 2005.

2.3.11 Private Sector renovation grants - £108,474

The under spend on grants is made up as follows:- Mandatory Renovation Grants £52,069, Home Repair Assistance £24,735 and Mandatory Disabled Facilities £31,670.

These amounts are committed and the under spends are due to timing differences between grant approval and the grants being paid upon works completed.

2.3.12 Columns Egremont Main Street - £1,650

A budget bid was approved at £3500, and to date £1,850 has been spent on manufacturing the columns. The remainder of the budget needs to be carried forward and used to fund the installation costs.

2.3.13 Moresby split with Copeland Homes - £88,593

This project is awaiting a decision with Copeland Homes on the dividing wall required. Works have been put on holding pending this decision.

2.3.14 Public Buildings - £37,950

There is a current backlog of jobs, due to resource levels in the property section, which are currently in the process of being resolved.

2.3.15 Disabled Access - £11,703

A major part of this budget relates to works planned at Moresby and again are delayed due to agreements not being reached with Copeland Homes.

2.3.16 Revenues and Benefits Software and Transformation Programme - £148,791

The Revenues and Benefits Transformation Programme has now been implemented and has gone live. The remainder of the budget is required to pay for the final costs of implementation.

2.3.17 IEG initiatives - £331,068

A report was presented to Executive on 28th April 2005 detailing the position on the IEG spends in 2004/05 and the proposals for 2005/06. There have been some amendments to the position reported at this date and [Appendix E](#) shows the spend against project on IEG schemes.

3. UNDERSPENDS AND OVERSPENDS

- 3.1 [Table 2 at Appendix C](#) details the schemes, which have been completed and come in under budget. The total budget under spend is £106,545 of which £57,176 is CBC funded.
- 3.2 There are a number of large under spends on the Heritage Economic Regeneration (HERs) schemes. These schemes are approved on an annual basis with match funding typically approved from English Heritage (EH) or NWDA. These two bodies do not allow the carry forward of unspent budgets. The CBC element of the Whitehaven HERS budget was carried forward from previous years, but was unable to be match funded. The unused budget of £17,947 can now be released.
- 3.3 Millom HERS had a budget allocation in 2004/05 of £120,000 and only £94,069 has been allocated in grant awards. As the match funding from EH and NWDA cannot be carried forward, the CBC element can be released.
- 3.4 The Egremont Shop Fronts scheme is now complete and has come in under budget. There are also a number of accruals raised last year that are no longer required. The total amount to be released is £3,015.
- 3.5 The under spend on Whitehaven Conservation Area Partnership Scheme, relates to accruals for work and related income from a scheme approved a number of years ago in the Market Place. This is definitely no longer required and so the CBC element of £18,770 can be released.
- 3.6 The final large under spend is on purchase of a Council Tax Folder / Inserter. A bid was approved in 2004/05 at £17,500, but the final cost of the machine came in at £9,912 giving an under spend of £7,588.
- 3.7 The project which have come in over budget are detailed in [Table 3 at Appendix D](#). They total £385,423 of which £37,987 is CBC funded. However, the New Office Fees project is to be funded from an earmarked reserve, leaving a true overspend of £19,747.

- 3.8 The Egremont HERS overspend of £2,500 relates to an accrual entry from a previous year, of expected income from English Heritage. It has now been confirmed that this income will not materialise and therefore will incur a cost to the Council.
- 3.9 The Coastal Erosion project has no approved budget but has incurred spends of £12,950. An application is to be submitted to the Department of Environment, Fisheries and Rural Affairs (DEFRA) to grant fund this spend.
- 3.10 The unadopted sewers budget is reporting an overspend against budget of £3,430. This is the final year of a three-year rolling programme and includes estimates of the worst-case scenario. Should the actual invoices paid be less, then an under spend will occur next year.
- 3.11 Taking the schemes that are financed from reserves out, then the net under spend (i.e. total under spend on CBC plus overspends on CBC) is £37,429. It is recommended that this sum be transferred to the Major Projects Fund.

4. OPTIONS TO BE CONSIDERED

- 4.1 The options recommended for approval are therefore to approve the carry forward of the budget on projects which are already committed and ongoing.
- 4.2 It is also recommended that the net under spend of CBC funding is transferred to the Major Projects Fund.

5 HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

- 5.1 [Appendix G](#) shows the HRA capital programme for the 9 week period leading to stock transfer.
- 5.2 As part of the 2004/05 budget process, Members approved a capital programme on HRA of £2.5m. for the full financial year.
- 5.3 The budget was profiled on a simplified basis of 9 weeks up to stock transfer date, and used as the basis of negotiations with Copeland Homes in terms of financial settlement.
- 5.4 Actual expenditure of £516,958 exceeded the 9 week profiled budget of £432,692 by £84,266 as a result, in the main, of outstanding payments due by Building Services, which were received following transfer and settlement.
- 5.5 The financing, on a cash basis, is also shown in the Appendix. As a result of the expenditure incurred in completing the programme up to transfer date, financing was borne from Government resources (£157,477 from the Single Capital Pot and £359,481 from MRA), with no required call on the Council's HRA capital receipts.
- 5.6 The HRA capital programme is now complete from an operational viewpoint, with full settlement of monies outstanding.

6 CONCLUSIONS

- 6.1 The total spend on the General Fund programme equates to approximately 68% of the revised budget. However, it must be stressed that there are a large number of schemes that rely heavily on external funding and are often delayed due to circumstances beyond our control. This year these include Whitehaven Regeneration Programme (£26k), Connecting Copeland (£38k) and the Revs and Benefits systems (£149k)

- 6.2 The carry forwards also include ongoing commitments to the ERDF Town Centre Manager Scheme (£77k), and to the Cleator Moor THI (£481k.), which also runs over a number of years. .
- 6.3 If these ongoing commitments are taken into account, then approximately 83% of the budget has been spent.
- 6.4 The revised two-year programme, from 2004/05 to 2005/06 is attached at [Appendix F.](#)
- 6.5 The position is the pre-audit one. It is not anticipated that there will be large scales changes in the audited position.

List of Appendices

[Appendix A](#)

[Appendices B, C and D](#)

[Appendix E](#)

[Appendix F](#)

[Appendix G](#)

List of background papers

List of consultees:

Capital Monitoring files and Outturn files
Head of Finance and Business Development
Business Development Manager
Service Managers
Accountants
Corporate Team