

**CAPITAL PROGRAMME 10/11 – BUDGET MONITORING REPORT (Quarter 3)**

**EXECUTIVE MEMBER:** Councillor Elaine Woodburn  
**LEAD OFFICER:** Joanne Wagstaffe – Director of Resources and Transformation  
**REPORT AUTHOR:** Ann Treble – Capital & Project Accountant

**WHY HAS THIS REPORT COME TO THE EXECUTIVE?**

**Key Decision**

To inform Executive of the summary budget position for the Capital Programme 2010/11 at 31 December 2010 and a forecast outturn position at year end.

**RECOMMENDATION:**

That Executive;

- (i) Confirm the revised gross capital budget of £5,806,693 (*para 2.2*)
- (ii) Approve the works to extend Distington Crematorium car park, to be funded from Crematorium Car Park Sinking Fund. (*para 3.3.3*)
- (iii) Approve carry forward of uncommitted DFG allocation of housing budget to fund DFGs in 2011/12 (*para 3.4.1*)
- (iv) Approve the return to quarterly reporting for capital, as a result of year end pressure on resources.

**1. INTRODUCTION**

1.1. The monitoring of the capital programme is undertaken monthly and reported to the Executive. This report provides the monitoring position at the end of the third quarter of 2010/11 (period 9) and provides a forecast of expenditure at the year-end. The report provides narrative in relation to exceptions.

**2.0 REVISIONS TO THE CAPITAL PROGRAMME 2010/11**

2.1 Members will recall at 30 November 2010 the Capital Programme had a gross expenditure budget of £5,591,788.

2.2 Further adjustments to the 2010/11 capital programme have been identified and these are detailed in Table 1 on page 2:

**Table 1: Reconciliation of Capital Programme 2010/11 to Quarter 3 – 31 December 2010 monitoring**

	£	Notes
<b>Gross expenditure budget approved Council 2 March 2010</b>	<b>7,600,148</b>	
Adjustments by RPWG 21 April	289,400	
Carried forwards approved by Executive 29 June 2010	463,548	
Reduction in spend in 2009/10	-181,319	
Reduction as not eligible for capital funding	-48,000	
<b>Gross expenditure budget approved Executive 29 June 2010</b>	<b>8,123,777</b>	
Changes approved Q1	-211,770	
<b>Gross expenditure budget per Q1 10/11 monitoring report</b>	<b>7,912,007</b>	
Changes approved Q2:	(2,184,318)	
<b>Gross expenditure budget per Q2 10/11 monitoring report</b>	<b>5,727,689</b>	
Changes approved period 8 (November 2010)	(135,901)	Pending approval at Executive of 24 January (this report to be draft before meeting held)
<b>Gross expenditure budget period 8 10/11 monitoring report</b>	<b>5,591,788</b>	
Beacon Pop gallery	105,000	Approved to be funded from Beacon Sinking Fund at Executive 27 July 2010, since appraised as capital expenditure (funding source remains sinking fund – revenue contribution)
Electronic Remembrance Book	10,000	Pending approval at Executive of 24 January (this report to be draft before meeting held)
Corporate Firewall	1,910	Both projects completed within budget £95 to return to UCCR
Virtualisation of servers	(2,005)	
Extension to crematorium car park	100,000	PID to be presented at this meeting see para 3.3.3
	<b>5,806,693</b>	

### **EXPENDITURE TO DATE AND FORECAST YEAR END POSITION**

- 3.1** The revised capital programme for 2010/11 is £5,806,693.
- 3.2** The forecast position at 31<sup>st</sup> March 2011 is expenditure of £5,101,172 compared to the revised capital programme. This results in a forecast variance against expenditure budget of £705,521 as detailed in Table 2 on page 3. The forecast income position as at 31<sup>st</sup> March 2011 is £2,465,601 as budget of £2,487,300, reduction on Mount Pleasant see paragraph

**Table 2 Spend to date and Forecast for year as at quarter 3 2010/11**

	<b>Gross expenditure budget</b>	<b>Spend to date</b>	<b>Forecast period 10 -12</b>	<b>Total forecast gross spend</b>	<b>Variance</b>
Non Housing	3,821,046	1,264,434	2,306,209	3,570,643	(250,403)
Housing	1,985,647	917,804	612,725	1,530,529	(455,118)
<b>Total (as per Table 1)</b>	<b>5,806,693</b>	<b>2,182,238</b>	<b>2,918,934</b>	<b>5,101,172</b>	<b>(705,521)</b>

### **3.3 NON-HOUSING**

- 3.3.1 A report is being prepared for Executive regarding the proposals for spend of 'playgrounds and cemeteries'. Dependent upon Executive's decision the budget may need to be returned to the Useable Capital Receipts Reserve or re profiled into a subsequent year. This quarter 3 monitoring report shows full budget but £nil spend in this year.
- 3.3.2 Members will recall approving the PID for the redevelopment of the Copeland Centre Reception, at Executive in September. This PID included works required by Cumbria County Council and a capital contribution in the sum of £100,000 from them. Members will further recall from quarter 2 monitoring report, that whilst the scheme was expected to be fully committed at year end, it was unlikely to be fully spent and so an arbitrary split of 50% spend in this year and 50% next year resulted in the request to re profile £125k of budget into 2011/12. It is now not certain that Cumbria County Council will contribute to the scheme and the loss of their funding (£100K) would obviously have a huge impact on the scale of works to be carried out. The forecast currently shows £nil spend in this year (although there is no change to the budgets at present) as until the level of funding is confirmed the work cannot commence. The forecast and Members will be updated when the situation is resolved.
- 3.3.3 In 2000 Members agreed to a levy of £10 per cremation being charged, to be held in a dedicated reserve for the purpose of extending the car park at Distington Crematorium. This has now reached a level whereby work can proceed. A PID is being presented to this Executive to seek approval to spend this fund on the creation of an extension to the existing car park – (preferred) option 3. If Executive approve this project it is anticipated it can be completed within the financial year and thus minimise any impact

- 3.3.4 It is anticipated that Mount Pleasant project will complete under budget in the region of £20k. This under spend is across all funders. The budget remains unchanged but forecast has been reduced accordingly.
- 3.3.5 Retention payments are due on Phoenix court (£25k) and Chapel Street car park (£6k) in February 2011, prior to these final payments being made site visits will take place and snagging lists agreed/signed off. There is a possibility that snagging could delay the payment into next financial year but current forecast shows payment before 31 March 2011.
- 3.3.6 A decision form Government Office Commerce is still awaited re the head lease on Albion Square, until this is received the CPO cannot proceed. The current forecast shows full spend against the budget but should the decision be delayed it is possible that some of the spend will fall in next year.

#### **3.4 HOUSING**

- 3.4.1 An allocation of £900K (in year) of the total housing budget was awarded to DFGs. To date £480K has been committed but it is anticipated that a further £200k will be committed before 31 March, bringing the total commitment in 2010/11 to £680K. The volume of demand, as expressed by referrals from Adult Social Care, has increased on previous years but this year there has been a higher proportion of lower cost disabled facilities like ramps and stair lifts instead of the more expensive through-floor lifts and building extensions. This is the differing nature of applications and it is not possible to predict exactly what needs will be presented in the next or subsequent years so it would be not be prudent to anticipate that this will continue. The Housing Renewal Team have been working hard with Copeland Homes to accommodate people in suitable properties rather than asking for extensions to properties, however, there is a finite number of suitable homes in the Borough and even fewer of these become vacant. Members should note that following the abolition of the Regional Housing Board (one of the outcomes of the Comprehensive Spending Review announced in October 2010) there is no longer a Regional Housing Capital Pot and therefore no allocation of external funding for Copeland. In 2010/11 our allocation was £554K and this was used to part fund the DFGs. Members are therefore requested to approve the remaining uncommitted budget of £220k to be carried forward to

2011/12 to fund DFGs next year. Members are asked to note the current budget is unchanged pending members decision, which will be reflected in next month's monitoring.

- 3.4.2 The forecast gross expenditure position is £1,520k against the current budget of £1,975k, and remains unchanged from last month. This represents an under spend of £455k, £220k of which is referred to in point 3.4.1 above and the remaining £235k as a result of an inevitable delay between approval and expenditure.

#### **4 CAPITAL RECEIPTS**

- 4.1 Members are asked to note the budget of £2.5m and are reminded that the timing and value of the capital receipts are critical to the funding of the capital programme.
- 4.2 The current forecast for receipt stands at £0.8m the majority of which is due on sale of land at Kells, which whilst it is currently anticipated this receipt will be realised before 31 March 2010, there is a risk of it slipping into quarter 1 of 2011/12. Members are also asked to note that any transactions relating to the 'Interchange' are not included in the forecast.
- 4.3 Disposal proceeds to 31 December remain at £11k.

#### **5.0 FINANCING**

- 5.1 Appendix A disaggregates the Capital Programme between expenditure and the sources of funding to show how the capital programme will be funded. It is important that the funding of the Capital Programme (also shown at table 3 below) is fully understood and can be demonstrated, though the monitoring returns, and in particular, the identification of external resources to support capital expenditure. This will contribute to improving the quality of the Financial Accounts, and ongoing budget management.
- 5.2 The forecast 2010/11 capital programme expenditure of £5,101,172 can be financed as follows:

**Table 3: Financing of the 2010/11 Capital Programme**

<b>Funded by:</b>	<b>£</b>
Useable Capital Receipts	(1,692,515)
Useable Capital Receipts - Preserved right to buy sales (post stock transfer)	(592,805)
Useable Capital Receipts - Residual Right to Buy receipts (pre stock transfer)	
Useable Capital Receipts - Crematorium Sinking Fund	(168,500)
Other External Funding	(2,369,601)
Capital Grants unapplied (external funding received in advance - housing)	(40,400)
Other Reserves & contributions	(237,351)
<b>TOTAL FINANCING</b>	<b>(5,101,172)</b>

## 6.0 CAPITAL RESOURCES

6.1 Table 4 below shows the forecast position of the movement (i.e. use and new capital receipts) on usable capital receipts during the year which will be used to fund the capital programme.

**Table 4: Impact of the forecast capital programme spend and receipts in 2010/11 on the Useable Capital Receipts Reserve**

<b>USABLE CAPITAL RECEIPTS</b>	<b>Receipts from sale of assets</b>	<b>Cremat'm sinking fund</b>	<b>Preserved right to buy sales</b>	<b>Residual Right to buy</b>	<b>VAT sharing receipt</b>	<b>Housing Grants/Loans Repaid</b>	<b>TOTAL</b>
	£	£	£	£	£	£	£
<b>Opening balance per audited accounts:</b>	(1,085,636)	(168,500)	(1,163,124)	(1,349,385)	(1,590,723)	(7,275)	<b>(5,364,643)</b>
Forecast draw down to fund 10/11 capital programme	1,692,515	168,500	592,805				<b>2,453,820</b>
VAT sharing receipts to date.							
Forecast Capital Receipts in year	(870,105)						<b>(870,105)</b>
<b>Forecast useable Capital Receipts closing balance</b>	<b>(263,226)</b>	-	<b>(570,319)</b>	<b>(1,349,385)</b>	<b>(1,590,723)</b>	<b>(7,275)</b>	<b>(3,780,928)</b>

(1,919,704)

6.2 The table illustrates the balances within the Useable Capital Receipts Reserve and demonstrates the proportion of the overall value which relates to receipts arising from housing (£1,919,704 against a forecast closing balance of £3,780,928)

**7 WHAT ARE THE LEGAL, FINANCIAL AND HUMAN RESOURCES IMPLICATIONS?**

7.1 The capital programme will continue to be monitored monthly and reported to Members.

**8. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?**

8.1 It is imperative that all budgets are monitored monthly with exceptions reported through Corporate Leadership Team and Executive so that management action can be taken to ensure the effective use of resources as planned by the Council.

8.2 The budget monitoring process is fully integrated into the planning process to ensure that Council objectives and priorities as outlined in the Corporate Plan are fully resourced as planned.

8.3 The capital programme assumes funding from the sale of assets. Generation of capital receipts presents risks in terms of the timing and value of receipt. Capita DBS and the Contracts and Property Manager meet monthly and review asset sales

**List of Appendices**

**List of Background Documents:**