

CAPITAL BUDGET – QUARTER 1 SUMMARY FINANCIAL REPORT 2013/14 (1 April 2013 to 30 June 2013)

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Summary:

This report details the progress on delivering the projects in the agreed 2013/14 capital programme and provides the capital spend and estimated outturn forecast based on the financial position for the 3 month period to 30 June 2013.

Recommendations:

- I. Note the approved net current capital budget of £1,973,357
- II. Note the position as at 30 June 2013 (Quarter 1) of capital receipts for 2013/14 as set out in this report.
- III. Note the forecast year-end variance on the overall Capital Programme 2013/14 is an under spend of £805,020 at 30 June 2013. The majority of this is expected to be carried forward to complete projects in 2014/15.

1. INTRODUCTION

- 1.1. This report provides the monitoring of the capital programme both in terms of capital expenditure and capital income, ensuring that anticipated expenditure is in line with budget; and that the whole capital programme is fully funded, either from external contributions or through use of our own resources (i.e. capital receipts).
- 1.2. This report provides the monitoring position as at 30 June 2013 and a forecast of expenditure to year-end.
- 1.3. The monitoring of the capital programme is undertaken and reported to CLT monthly and Executive on a quarterly basis.

2. REVISIONS TO THE CAPITAL PROGRAMME 2013/14

- 2.1. The Capital programme for 2013/14 and the gross Capital Programme budget of £1,599,524 was approved by Council on 21 February 2013.
- 2.2. Since the budget approval a number of adjustments have been approved to give a revised gross Capital Programme budget of £2,278,821 at 30 June 2013. The reasons for these amendments were

reported in detail in previous reports and have been summarised for information at table A in Appendix A.

3. EXPENDITURE TO DATE AND FORECAST YEAR END POSITION

- 3.1 The gross capital programme expenditure budget for 2013/14 is £2,278,821 as detailed above and in Table B at Appendix A.
- 3.2 External income budget totals £305,464 consisting of £265,717 budgeted for the provision of Disabled Facilities Grants and £39,747 budgeted for Moor Row Play Area. This gives a net capital programme budget of £1,973,357.
- 3.3 The forecast expenditure position at 30 June 2013 for financial year 2013/14 is gross capital expenditure of £1,473,801.
- 3.4 The forecast income position at 30 June 2013 for financial year 2013/14 is gross capital income of £355,464 consisting of £265,717 towards the provision of Disabled Facilities Grants, £39,747 in relation to Moor Row Play Area and £50,000 for the Whitehaven THI (forecast subject to successful bid).
- 3.5 This results in forecast net expenditure of £1,118,337 to give a favourable variance against budget of £855,020 as detailed in table B at Appendix A.

4. PROGRESS AT 30 June 2013 (Quarter 1)

4.1 Whitehaven THI – Allocated Budget £250,000

We will be informed if the THI bid was successful in September 2013. It is unlikely that there will be much spend on the project before the financial year end but members will be continually informed of progress.

4.2 Millom Cemetery Land Purchase – Allocated Budget £149,216

Millom Town Council has agreed in principle to allow part of Millom Park to be used as a burial ground. Currently whilst negotiating with the town council investigative work has been on-going. An initial stage 1 risk assessment has been undertaken to assess the potential risks posed to groundwater and surface waters for the Environment Agency (EA). It was last reported that further window sampling to confirm nature of ground at least 1m below burial depths, this is now concluded. The window samples produced evidence of sand in the substrata which warranted further investigation and groundwater monitoring; this activity is also complete having identified no additional matters for concern. Accordingly the stage 2 assessment has been sent to the EA for review.

4.3 ICT – Allocated Budget £200,000

The Council has a Change Programme Plan in place as part of the work of the Change Programme Board. This project is designed to help with the implementation of the Change Programme Plan. The Plan is designed and released in phases and thus the capital project will be implemented in the same way. Phase One of the capital project is put additional, more up to date, reliable and more energy efficient data storage solutions in place to assist our business continuity arrangements. Further phases will include increasing infrastructure capacity to support more automated processes, support changes in working practices and support the delivery of the customer services strategy.

4.4 Customer Access Strategy – Allocated Budget £142,041

This project will remodel the reception and customer meeting room areas in the Copeland Centre, provide a small reception in the Crematorium and implement self-service technology. Draft designs were approved in July by CLT. These designs are now with the landlord for sign off and a tendering

exercise will then begin to select a contractor. This work is expected to commence in October 2013. The works to install a new reception at the Crematorium are now fully completed.

4.5 **Operational Buildings – Allocated Budget £112,000**

The projects identified as a priority for 2013/14 amount to £112,000, with the original budget being reduced from £217,000. The funding was requested to cover the cost of the following:-

St Bees Foreshore Car Park Resurfacing – The resurfacing part of the car park at St Bees foreshore has now been completed under budget with £500 to be returned to reserves. The new surface is expected to have a 15 year lifespan.

Beacon lift Replacement – Replacement of the 18 year old lift at a cost of £50,000. This work will be commencing in February 2014 during the Beacon close down period.

Moresby Depot Generator – Installation of a generator to provide power to the key operational site in the event of a power failure at a cost of £50,000. Work expected to commence in December/ January 2014 due to current workload pressures in the Property Department.

4.6 **Rottington Beck – Allocated Budget £45,637**

After agreeing priorities with the consultant, design work will start imminently on the final phase being the scour apron area which was affected by flooding. It is expected that the tender for the construction work will be awarded in November to allow the contractor to start on site in the early part of 2014. Actual timing of works will be primarily dependent on the tidal cycle and the prevailing weather conditions at the time, once all consents are in place.

4.7 **Regeneration Software – Allocated Budget £40,912**

The implementation of a resilient and effective archive/data storage system to support the existing system with necessary data security, this project is currently progressing and will be completed prior to year end.

4.8 **Playgrounds (St Bees) – Allocated Budget £40,883**

The £41k awarded by the authority to renovate St Bees Play Area is now being used by St Bees Parish Council as match funding to secure other grant funding. So far confirmed additional grant funding of £30,250 has been approved from Copeland Community fund and WREN grant application has been submitted for £60K. This will bring the total spend on the project of £131,133 with Copeland being the accountable body and the capital budget will be adjusted once all the grant funding has been confirmed as successful. The project is almost ready to start the procurement process for the new equipment.

4.9 **Moor Row Play Area – Allocated Budget £39,747 (External funding)**

Moor Row Play area was successfully renovated, improving 1130m² of open space that the whole community can enjoy at no monetary cost to the authority as the scheme was 100% funded through external grants, however the Council acted as accountable body for the project. The long term maintenance costs will also be reduced as the Moor Row Community Group has raised funds to cover these type of costs.

4.10 **Fleet Replacement – Allocated Budget £23,000**

It is anticipated that the 3.5 tonne tipper will be ordered in the near future to replace the existing 7 year old tipper that had been originally funded from external income.

4.11 **Valuation Data Transfer – Allocated Budget £20,000**

A project brief is currently being written by the Estates and Valuations Manager detailing the proposed data transfer of the current spread sheet based property management system onto the computerised Atrium System which is to be shared with Cumbria County Council who host and own the software. The Council will benefit from the use of the new computerised system for minimal costs as Cumbria County Council do not wish to claw back of the initial capital outlay. The alternative for Copeland to

obtain its own property management system would cost in excess of £45,000 plus data transfer costs. The project will commence in September and completed by end of November 2013.

PROJECTS YET TO COMMENCE

4.12 Copeland Pool – Allocated Budget £262,524

A report is due to go to Executive prior to the commencement of this project.

4.13 Land Management – Allocated Budget £175,000

This funding was allocated to provide resources to deal with any capital expenditure related to our land assets. A monitoring programme ensures our land assets are carefully examined.

HOUSING SERVICES

4.14 We have approved 39 new disabled facilities grants (DFG's) since April 2013 compared to 29 this time last year. At quarter 1 a total of 25 grants were completed with 20 of these being jobs in progress at the financial year end 2012/13. There has also been an increase in the number of referrals from occupational therapists from 43 this time last year to 56 new referrals since April 2013.

4.15 Housing Services this year have a total budget of £754,090. Of this, £154,090 was carried forward from 2012/13 to fund commitments made in that year, leaving £600,000 available to commit in the current year. The current estimate for in year commitments is estimated at £494k. Members are asked to note that these figures are subject to change as it is impossible to predict with certainty either the number or value of referrals that may be received before the financial year end.

4.16 Of the estimated total forecast **commitment** of £648,000 and based on an extrapolation at 30th June 2013, forecast **spend** in year is approximately £600,000. The remaining £152,000 is forecast to be carried forward into 2014/15 to meet commitments approved and commenced in 2013/14.

4.17 Members are asked to note that DFG's are not an annual programme. They are a responsive statutory duty that rolls over year on year to qualifying people who are referred from Occupational Therapy at any time, as and when their need arises. The majority of spend occurs at end of each individual project so spend subsequently follows the date the commitment was granted. This will necessitate some of the funding to be carried forward into 14/15 to complete projects commenced in year.

4.18 The details of spend and commitment is illustrated in table 1 overleaf, with the commitments continuing to be reviewed by Housing and Finance staff on a monthly basis:

Table 1: Housing budget and spend as at 30th June 2013

Housing Budget & Spend 2013/14	£	£
PERIOD 3 - Quarter 1		
<u>EXPENDITURE BUDGET</u>		
Budget brought forward from 2012/13	154,090	
New budget 2013/14	600,000	
Total budget 2013/14		754,090
<u>FUNDING OF EXPENDITURE BUDGET</u>		
UCRR	- 488,373	
External income from DCLG (as per budget)	- 265,717	
Total funding of expenditure budget		754,090
<u>SPEND</u>		
Actual paid at Period 3	151,594	
Forecast spend to March 2014	450,000	
Total expected spend 2013/14		601,594
<u>FUNDING OF EXPECTED SPEND</u>		
External income from DCLG	-	265,717
Useable Capital Receipts Reserve	-	335,877
Total funding of expected spend		601,594
Total forecast carry forward to 14/15 to meet commitments approved in 13/14		152,496

5. CAPITAL RECEIPTS

- 5.1. The initial forecast capital receipts for 2013/14 was estimated at £515,500 but this has since been revised to receipts of approximately £645,047. The majority of the receipts relate to the former Kells School Plots and the Legal Services Manager is actively progressing these sales this financial year.
- 5.2. Of the revised forecast capital receipts of £645,047 above, actual disposal proceeds received at 30 June 2013 amount to £41,518.
- 5.3. Current forecast spend at 30th June 2013 is £1,473,801.
- 5.4. It is imperative that the Authority realises sufficient capital receipts to enable adequate funding of the future Capital Programme.

6. FINANCING

- 6.1. Table 2 below shows how the 2013/14 Capital Programme will be funded. It is important that the funding of the Capital Programme 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 on-going budget management.
- 6.2. The current forecast 2013/14 capital programme expenditure of £1,473,801 is planned to be financed as shown below:

Table 2: Financing of the 2013/14 Capital Programme

Funded by:	Forecast funding based on current forecast capital receipt
Useable Capital Receipts – General Capital Receipts	782,460
Useable Capital Receipts – Housing Capital Receipts	335,877
TOTAL INTERNAL FUNDING FROM THE UCRR	1,118,337
External Funding	355,464*
TOTAL INTERNAL & EXTERNAL FINANCING	1,473,801

* Please see paragraph 3.4 for the make-up of the external funding

- 6.3 The impact of forecast capital programme spending and capital receipts in 2013/14 on the Useable Capital Receipts Reserve is demonstrated in table C at Appendix A.

7. CONCLUSION

- 7.1 It is identified that there remains a strong risk that we may not realise all of the forecast capital receipts this financial year as they are dependent upon circumstances outside the Authorities control. This will be continually reviewed and Members updated accordingly.
- 7.2 The capital programme will continue to be robustly monitored over the coming months.

8. STATUTORY OFFICER COMMENTS

- 8.1 The Monitoring Officer's comments are: No further comment
- 8.2 The Section 151 Officer's comments are: Included within the report
- 8.3 EIA Comments: Completed as part of the Budget setting process
- 8.4 Policy Framework: The capital programme is designed to support the delivery of the Council's priorities and address risks and issues. In this way, the capital programme is an integral part of the Council's corporate policy framework.
- 8.5 Other consultee comments, if any:

9. WHAT ARE THE LEGAL, FINANCIAL AND HUMAN RESOURCES IMPLICATIONS?

- 9.1 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.
- 9.2 The capital programme will continue to be monitored monthly with the next report to Executive being the Outturn. The budget monitoring process continues to be refined to provide members and officers with the up-to-date financial information needed to make key decisions on resource allocations during the year to feed into the Council's budget process.
- 9.3 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.

9.4 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. The Development Surveyor and Financial Management and Treasury Accountant meet quarterly and review asset sales. Additionally, the Legal Services Manager and the Estates and Valuations Manager are actively progressing sales to generate the required capital receipt prior to the financial year end.

List of Appendices:

Appendix A – Capital Financial Tables at Quarter 1

Appendix A

Table A

CAPITAL PROGRAMME BUDGET 2013/14			
	£	£	CUMULATIVE
Original Budget approved at Council 21/02/13		1,599,524	1,599,524
Approved amendments to budget:			
Addition: Approved at Q3 Capital Report P10 EXE 12/03/13 - £12k from eventual sale of Kells Plots for Kells Drainage	12,000		1,611,524
Addition: Approved at Outturn EXE 28/05/13 - Slippage from 2012/13	639,845		2,251,369
Addition: Approved at Outturn EXE 28/05/13 - £27,452 to re-instate Millom Cemetery from £121,764 to £149,216	27,452		2,278,821
Current Budget		2,278,821	

Table B: Spend & external income receipt to date and forecast for year as at 30 June 2013

	Gross Budget	Spend/ Income to date (Period 3)	Forecast Period 4 -12	Total Gross Forecast	Variance
2013/14 Expenditure	2,278,821	211,326	1,262,475	1,473,801	-805,020
2013/14 External Income	-305,464	-260,714	-94,750	-355,464	-50,000
TOTAL	1,973,357	-49,388	1,167,725	1,118,337	-855,020

Table C: Impact of forecast capital programme spending and capital receipts in 2013/14 on the Useable Capital Receipts Reserve

USABLE CAPITAL RECEIPTS	General Capital Receipts Reserve £	Housing Capital Receipt Reserve £	TOTAL £
Opening balance per unaudited accounts:	-2,017,976	-1,349,385	-3,367,361
Forecast draw down to fund 13/14 capital programme	782,460	335,877	1,118,337
VAT sharing receipts to date	-12,583		-12,583
Forecast Capital Receipts in year	-645,047		-645,047
Forecast useable Capital Receipts closing balance	-1,893,146	-1,013,508	-2,906,654