

**CAPITAL PROGRAMME 2011/12– OUT TURN REPORT**

**EXECUTIVE MEMBER:** Councillor Gillian Troughton

**LEAD OFFICER:** Joanne Wagstaffe – Director of Resources and Transformation

**REPORT AUTHOR:** Ann Treble – Financial Management and Treasury Accountant

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

To inform Executive of the provisional capital out turn position for the Capital Programme 2011/12.

**RECOMMENDATION:**

Executive are asked to approve and make recommendations to Council in respect of the following:

- I. Formally approve amendments to the budget as detailed in paragraphs 2.5 and 2.6 which were previously notified to Members during the year.
- II. Formally approve the virement from Energy Efficiencies budget under Corporate Resources to North Country Leisure (NCL) budget under Regeneration and Communities as detailed in paragraph 4.2.2, and within the Cliff Stabilisation Works as detailed in paragraph 4.2.3.
- III. Approve the provisional out turn (subject to audit) as detailed in Table 1 paragraph 3.2
- IV. Approve the carry forwards of £303,707 as detailed in Table 1 and paragraph 4.
- V. Approve the financing of the capital programme for 2011/12 as set out in Table 2 paragraph 5.1
- VI. Approve the revised budget for 2012/13 of £1,927,356 as detailed in Table 4 paragraph 6.1

## 1.0 INTRODUCTION

- 1.1 The monitoring of the capital programme is undertaken monthly and a report is presented to Executive each quarter. The Executive received a report at its meeting of 28<sup>th</sup> February 2012 which set out the monitoring position at 31<sup>st</sup> December 2011. This report provides an update to that report, setting out the financial out-turn for the Council's Capital Programme, and provides the provisional out turn position at the year end and narrative in relation to exceptions.
- 1.2 It should be noted that the information contained in this report is provisional prior to the formal audit process. The date for the commencement of the external audit process is 2<sup>nd</sup> July 2012 (date of first meeting).

## 2.0 REVISIONS TO THE CAPITAL PROGRAMME 2011/12

- 2.1 The original gross Capital Programme budget of £4,998,428 was approved by Council on 22<sup>nd</sup> February 2011.
- 2.2 This was amended largely due to budget carry forwards (slippage) of £908,261 to give an amended budget as at quarter 1 of £5,906,689.
- 2.3 On 13<sup>th</sup> October 2011 Council then agreed an additional item of £133,000 in relation to additional works for Cliff Stabilisation which brought the revised capital budget for 2011/12 to £6,039,689.
- 2.4 The approval by Council of the 2012/13 budget, on 22<sup>nd</sup> February 2012, saw £534,849 slippage moved from 2011/12 budget to 2012/13, which took the budget for 2011/12 to £5,504,840.
- 2.5 The quarter 3 monitoring reported the former Kells School site required immediate work to rectify an issue with an old gas main to enable 5 plots of land to be sold. Without the issue being rectified, the plots cannot be sold resulting in a reduction in our anticipated capital receipts of £262,268 and the Authority would be left with a piece of sterile land. As the budget was not amended to include this cost of £26,073, it resulted in an over spend which has been funded by the Useable Capital Receipts Reserve pending the future capital receipt. Members are asked to formally approve this addition to the budget.
- 2.6 Additional external income of £13,336 was received in year to permit additional spending on two existing fully externally funded schemes – Playbuilder £11,063 and Millom Ironworks £2,273. Members are asked to formally approve the increase in capital budgets.
- 2.7 These approvals will bring the gross expenditure budget to £5,544,249.

### 3.0 PROVISIONAL OUT TURN FIGURES 2011/12

3.1 The provisional gross out-turn position for the 2011/12 capital programme of £1,684,996 shows an under spend of £3,859,253, as summarised in Table 2 below and detailed in Appendix A. The provisional position for 2011/12 after all carry forwards have been taken into account, therefore, is an underspend of £3,555,546, which represents a reduced call upon capital reserves of £605,000 and a reduced call upon external sources of £2,950,546 (principally in relation to the Albion Square project being transferred to another partner).

**Table 1 – Provisional Outturn Against the Capital Programme 2011/12**

Corporate Department	Annual Budget	Slippage approved by Council on 22 February 2012	Additions to budget para 2.5 & 2.6	Amended Budget at Out Turn	Provisional Outturn Expenditure	Variance	Virements Appendix A	Carry forwards this report to 2012/13	To write back to reserves	External funding returned
	£	£		£	£	£	£	£	£	
Chief Executive	51,908			51,908	6,156	45,752		23,844	21,908	
Corporate Resources	1,112,141	(170,590)	26,073	967,624	585,927	381,697	Within department	191,517	190,180	
Neighbourhoods	890,098	(184,259)	13,336	719,175	369,462	349,713	Within department	127,057	222,656	
Regeneration and Community	3,985,542	(180,000)		3,805,542	723,451	3,082,091	Within department	(38,711)	170,256	2,950,546
<b>TOTAL CAPITAL PROGRAMME</b>	<b>6,039,689</b>	<b>(534,849)</b>	<b>39,409</b>	<b>5,544,249</b>	<b>1,684,996</b>	<b>3,859,253</b>		<b>303,707</b>	<b>605,000</b>	<b>2,950,546</b>

3.2 Slippage on the capital programme that moved from 2011/12 into 2012/13 has been reported during the year totalled £534,849. This was approved for carry forward by Council on 23<sup>rd</sup> February 2012, as part of the 2012/13 budget. This report details a further £303,707, bringing the total carry forward in year to £838,556 as shown in Table 1.

3.3 The gross expenditure is funded by a combination of external grants, contributions and the Council's capital reserves. This is set out in Table 3 in section 6.1.

#### 4.0 KEY VARIANCES AND NEW CARRY FORWARD REQUESTS

4.1 Members are asked to note that whilst this report seeks approval for the additional £303,707 slippage to be carried forward, details of individual schemes are only given if significant, and these are detailed in paragraphs 4.1 to 4.5 below totalling £294,549. Members are also asked to approve the remaining (non-significant) carry forwards of £9,158 as detailed overleaf, giving a total carry request of £303,707:

Non-significant carry forward requests	£
New FMS	2,120
Children's Playgrounds	883
Whitehaven Cemetery	1,655
Market Lights	1,500
Mount Pleasant	3,000
<b>Total</b>	<b>9,158</b>

#### 4.2 Chief Executive

##### 4.2.1 Website

Work commenced on this project following approval of the Project Initiation Document (PID) on 24<sup>th</sup> February 2012. The new servers have been commissioned and software development started. Further work needs to be undertaken for completion of the project and therefore Executive are asked to approve a carry forward of £23,843.

#### 4.3 Corporate Resources

##### 4.3.1 Public Buildings Backlog

Executive are asked to approve a carry forward of £47,000 to support the works to the Senhouse Street car park which were completed shortly after year end.

##### 4.3.2 Energy Efficiencies

As reported at quarter 3 £39,500 from the 2011/12 energy efficiency budget was allocated to North Country Leisure (NCL) to be used as a contribution to enable energy efficiency measures to be undertaken within our buildings. The Head of Regeneration and Communities has committed the budget in year but it had not been spent at year end. Members are now asked to formally approve this virement, and carry forward for £39,500, which is shown on Appendix A & B under Regeneration and Communities – NCL (Energy Efficiencies).

4.3.3 Works at the Beacon were on going over the year end resulting in a commitment of approximately £7,897, therefore Executive are asked to approve a total carry forward to remain on energy efficiencies – property of £7,897.

#### 4.3.4 Cliff Stabilisation

Three projects relating to Cliff Stabilisation commenced in 2011/12. All but one project was finished by year end. The third project only materially commenced at year end and therefore the Executive are requested to approve the additional carry forward of £95,000 (if added to the £5,000 slippage previously approved at Executive in December 2011, gives a total carry forward of £100,000) to enable the works (which have since been completed) to be paid. Members are also asked to approve virements between the three cost centres as detailed in Appendix A.

#### 4.4 Neighbourhoods

##### 4.4.4 Regeneration Software

Progress of the Regeneration Software project has been affected by a number of factors in the last 12 months, including changes in legislation which necessitate changes in the software. It is anticipated the project will be concluded by the end of 2012. Executive are asked to approve an additional carry forward of £28,000 (if added to the £12,912 slippage previously approved at Executive in December 2011, gives a total carry forward of £40,912).

##### 4.4.5 Building Control Data Capture

The tendering process was concluded in December 2011 with substantial progress having been made by year end. The project has an anticipated completion date of end of August 2012. Executive are asked to approve an additional carry forward of £10,323 (if added to the £23,350 slippage previously approved at Executive in December 2011, gives a total carry forward of £33,673).

##### 4.4.6 Whitehaven Cemetery Extension

The sum of £8,200 is requested as a carry forward to enable the retention to be paid on this project in 2012/13.

##### 4.4.4 Fuel Tanker

At year end the old tank needed to be decommissioned to complete this project. While this work was due to be completed by early April it has been delayed to enable sufficient fuel stock to be held to safeguard against the threatened national tanker driver strike action that could adversely affect the provision of service. It is anticipated that this work will be complete once the threat of strike action has been eliminated. Executive are asked to approve the carry forward of £16,996.

#### 4.4.5 Rottington Beck

Due to time taken to acquire the relevant licence from The Environment Agency work did not substantially commence in quarter 4, as had been anticipated in quarter 3, resulting in additional carry forward of £59,500 (if added to the £68,781 slippage previously approved at Executive in December 2011, gives a total carry forward of £128,281) to permit the project to be completed.

#### 4.5 Regeneration and Communities

##### 4.5.4 Housing

Council approved a carry forward of £180,000 for Disabled Facilities Grants (DFG's) when the budget was set on 22<sup>nd</sup> February 2012. Quarter 4 spend occurred quicker than anticipated resulting in more commitments being paid in 2011/12 and thus reducing the need for carry forward into 2012/13. Members are asked to note this has resulted in the reduction of the carry forward by £41,711, from £180,000 to £138,289. Members are also asked to note that the budget was originally allocated on known need but as works have progressed it has been necessary to vire budget between the various classes of grants. Members will be pleased to note that whilst 'old' renewal grants exceeded its original budget by £315, the 'new' renewal grants under spent by £19,046, as detailed in Appendix A.

#### 5 FINANCING OF CAPITAL PROGRAMME 2011/12

5.1 Utilisation of resources to fund the 2011/12 Capital Programme in the light of the provisional outturn is estimated as follows:

**Table 2 – Financing of the Capital Programme 2011/12**

Financing	Original Budget	Amended Annual Budget	Provisional Outturn
	£	£	£
Useable Capital Receipts	1,831,083	2,271,729	1,153,887
Working Neighbourhood Fund	6,195	6,195	5,925
Other External Funding	3,148,000	3,253,175	513,148
Other Reserves & contributions	13,150	13,150	12,036
<b>TOTAL CAPITAL PROGRAMME</b>	<b>4,998,428</b>	<b>5,544,249</b>	<b>1,684,996</b>

5.2 The table below shows the forecast position of the movement (i.e. use of and new capital receipts) on Usable Capital Receipts during the year which have been used to fund the capital programme. The provisional Useable Capital Receipts Reserve as at 31<sup>st</sup> March 2012 is £3,994,554. This does not take into account funding of expenditure which has slipped into 2012/13. The impact of this is set out in para 7.1.

**Table 3 – Movement on Usable Capital Receipts Reserve in 2011/12**

Useable Capital Receipts Reserve	Opening Balance 01/04/11	Provisional Out turn Expenditure	Provisional Out turn Income	Net Receipt/Payment on Housing Loans (See para 5.3)	Provisional Closing Balance 31/03/12
	£	£	£	£	£
Capital receipts from sale of assets and repayment of 3rd party loans	(55,183)	830,414	(826,716)		(51,485)
Preserved Right to Buy	(984,266)	323,473			(660,793)
Residual Right to Buy	(1,349,385)				(1,349,385)
VAT sharing receipt	(1,847,988)		(94,478)		(1,942,466)
Home loans repaid				9,575	9,575
<b>TOTAL Useable Capital Receipts Reserve</b>	<b>(4,236,822)</b>	<b>1,153,887</b>	<b>(921,194)</b>	<b>9,575</b>	<b>(3,994,554)</b>

5.3 When the Council held housing stock a number of mortgages were given and repayments of these loans are received each year. Of these receipts 75% has to be paid over the Department for Communities and Local Government (DCLG) pooling fund, with Copeland retaining 25% as a net receipt. This year the authority received £729 and paid over £207 in relation to 2011/12 (the remainder being paid in 2012/13). The authority also paid over past liabilities from 2005/06 onwards totalling £10,097 during 2011/12. The net of the two payments against the in year receipt has resulted in a net usage of £9,575 of the useable capital receipts reserve as detailed in Table 4 above.

## 6 REVISED CAPITAL PROGRAMME 2012/13

6.1 Appendix B to the report presents an amended Capital Programme for 2012/13. This takes account of the impact of the 2011/12 outturn. A reconciliation of this revised capital programme from the one approved by Council in February is as follows (overleaf):

**Table 4 – Make up of revised capital programme for 2012/13**

	£
Capital Programme 2012/13 Approved 23 <sup>rd</sup> February 2012	1,543,649
Plus slippage at out turn detailed in this report (Total slippage is £838,556 less £534,849 approved by Council 23 February 2012)	303,707
Additional to capital programme of Moor Row play area (100% externally funded) as per Executive 27 March 2012	80,000
<b>Revised Capital Programme for 2012/13</b>	<b>1,927,356</b>

6.2 The capital programme for 2012/13 approved at 23<sup>rd</sup> February 2012 Council meeting was £1,543,649 to be funded from Useable Capital Receipts of £863,649, £370,000 Preserved Rights to Buy Reserve and £310,000 from external funding. Including slippage from this report and the decision made by Executive on 27<sup>th</sup> March 2012, the revised capital programme now stands at £1,927,356 to be funded £1,209,067 from Useable Capital Receipts Reserve, £328,289 from Preserved Right to Buy Reserve and £390,000 from external funding. Full details of all schemes and funding can be seen in Appendix B.

6.3 Taking into account the amendments (including slippage) relating to the 2012/13 capital programme set out in this report and the revised forecast receipts from the sale of assets during 2012/13 of £855,842 and VAT share receipts of £429,478 capital resources as at 31st March 2013 are estimated to be as set out in Table 5 (overleaf):



**Table 5 – Estimated Useable Capital Receipts Reserve Balance at 31 March 2013**

Useable Capital Receipts Reserve	Provisional Opening balance 1/04/12	Revised capital programme (para 7.1)	12/13 revised capital receipts (para 6.3)	Use of reserves until sale of assets receipts as approved by Council 23 February 2012 (para 6.6)	Estimated Closing balance 31/03/13
	£	£	£	£	£
Capital receipts from sale of assets and repayment of 3rd party loans	(51,485)	1,209,067	(855,842)	(301,740)	0
Preserved Right to Buy	(660,793)	328,289		301,740	(30,764)
Residual Right to Buy	(1,349,385)				(1,349,385)
VAT sharing receipt	(1,942,466)		(429,478)		(2,371,944)
Housing loans repaid	9,575				9,575
<b>TOTAL Useable Capital Receipts Reserve</b>	<b>(3,994,554)</b>	<b>1,537,356</b>	<b>(1,285,320)</b>	<b>0</b>	<b>3,742,518</b>

- 6.4 Capital receipts as detailed in the Budget report to Council on 23<sup>rd</sup> February 2012, were estimated to be £3,639,000 for 2012/13. Due to the prevailing market conditions these properties will not now be actively marketed during 2012/13, and as a consequence their receipt is now forecast for 2013/14. The forecast receipts for 2012/13 now consist mainly of Kells building plots that did not complete in 2011/12 and total £855,842, resulting in an estimated shortfall in capital receipts for 2012/13 of £2,783,158.
- 6.5 Confirmation has now been received from The Home Group regarding 2012/13 anticipated VAT receipts in the sum of £429,478, which is shown in Table 5 above.
- 6.6 Because of the slippage in the estimated date of receipt of capital receipts, and should the capital programme spend to budget during 2012/13 then the part of the Useable Capital Receipts Reserves that arises from the sale of assets will be exhausted and it will be necessary 'to borrow' from the part of the reserve that originated from the sale of the housing stock, until sufficient sale receipts are achieved to repay. This course of action was agreed by Council at its meeting on 23<sup>rd</sup> February 2012.

**7 STATUTORY OFFICER COMMENTS**

7.1 The Monitoring Officer's comments are: No additional comments

7.2 The Section 151 Officer's comments are: Included in the report

7.3 EIA Comments: None

7.4 Other consultee comments, if any: None

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

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. The timing and value of receipts are crucial to the on-going capital programme. 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.

**List of Appendices:**

Appendix A – Detailed Provisional Capital Out turn 2011/12

Appendix B - Revised Capital Programme 2012/13

**List of Background Documents: None**

SCHEME	Original Approved Budget	Amended Budget	Virements in year	Budget at Year end	Actual Expenditure	Variance	New Slippage to be fwd	External funding returned	Surplus to be returned to reserves
<b>Corporate Department:</b>									
Chief Executive	21,908	21,908		21,908	0	21,908			21,908
Website Development (CRM 09 10)	30,000	30,000		30,000	6,156	23,844	23,844		
Website Redevelopment	51,908	51,908	0	51,908	6,156	45,752	23,844	0	21,908
<b>Corporate Resources</b>									
Revenues and Benefits	63,725	63,725		63,725	17,982	45,743			45,743
New Financial Management System	20,590	5,000		5,000	2,880	2,120	2,120		
Public Buildings Condition Survey Backlog	200,997	200,997		200,997	113,796	87,261	47,000		40,261
Energy Efficiency Measures	79,315	79,315	(39,500)	39,815	24,978	14,837	7,997		6,940
New Cremators	84,782	84,782		84,782	12,037	72,745			1,113
New Cremators	150,000	-		-	-	-			71,632
Copeland Centre	209,732	204,732	(51,422)	153,310	261,154	(107,844)	95,000		
Cliff Stabilisation (Soil nailing)	170,000	170,000	11,587	181,587	33,922	147,664			24,491
Cliff Stabilisation (Rock bolting)	133,000	133,000	39,835	172,835	93,165	79,671			
Cliff Stabilisation (Urgent Act)	-	26,073		26,073	26,073	(0)			
Former Kells School Site	1,112,141	967,624	(39,500)	928,124	585,927	342,197	152,017	0	190,180
<b>Neighbourhoods</b>									
Regeneration Software	41,127	28,215		28,215	215	28,000	28,000		
Building Control Data Capture	46,700	23,350		23,350	13,027	10,323	10,323		
Whitehaven Cemetery	100,000	100,000		100,000	76,866	23,334	8,655		14,679
Whitehaven Cemetery (completion on 09/10 programme)	1,200	1,200		1,200	0	1,200	1,200		
Fuel Tanker and Servicing/Washing Area at Moresby Parks	43,500	43,500		43,500	26,505	16,995	16,996		
Children's Playgrounds	116,944	76,944		76,944	34,117	42,827	883		41,944
Millom Cemetery Land Purchase	39,216	-		-	0	0			
Play Builder	85,901	96,964		96,964	96,964	0			
Christmas Lights	5,055	5,055	(696)	4,359	5,751	(1,392)			
Whitehaven Market Lights	31,770	31,770	917	32,687	24,453	6,234	1,500		4,900
Millom Iron Works	19,658	22,131		22,131	22,131	0			
Rottington Beck/St Bees Prom	136,252	67,471		67,471	7,971	59,500	59,500		
Surveys Cleansing Repairs adopt drains	189,000	189,000		189,000	30,565	158,435			158,435
Nursery Stock Holding Area (MP)	27,000	27,000		27,000	24,303	2,697			2,697
Electronic Book of Remembrance	6,575	6,575	(221)	6,354	6,796	(442)			
	890,098	719,175	0	719,175	369,462	349,713	127,057	0	222,656
<b>Regeneration and Community</b>									
Albion Square Enabling works	2,952,814	2,952,814		2,952,814	6,750	2,946,064		2,934,177	11,887
Mount Pleasant (Retention Only)	48,075	48,075		48,075	19,258	28,817	3,000	16,369	9,448
NCL (Energy Efficiencies)	6,195	6,195	39,500	39,500	0	39,500	39,500		
Mosaic	113,000	113,000	(19,046)	93,954	132,046	(38,092)			270
'New' Renewal Grants	25,000	25,000	315	25,315	23,185	2,130			
'Old' Renewal Grants	840,458	660,458	18,731	679,189	536,287	142,902	(41,711)		148,651
Disabled Facilities Grants	3,985,542	3,805,542	39,500	3,845,042	723,451	3,121,591	789	2,950,546	170,256
	6,039,689	5,544,249	0	5,544,249	1,684,996	3,859,253	303,707	2,950,546	605,000

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## REVISED CAPITAL PROGRAMME BUDGET 12/13

	Expenditure						Funding		
	Existing programme March 11 Council	Slippage £'000 approval sought Exec 11/12 (to December 2011)	Draft bids submitted Nov 11	TOTAL 12/13 including slippage approved Council 23 February 2012	Addition to programme Executive 27 March 2012	Additional slippage year end approved Executive 29 May 2012	TOTAL 12/13 including slippage	UCRR	Preserved Rights To Buy Sales (post stock transfer)
<b>CORPORATE DEPARTMENT</b>									
<b>Chief Executive:</b>									
Website Development						23,844	23,844	23,844	
<b>Chief Executive Total</b>						23,844	23,844	23,844	
<b>Corporate Resources:</b>									
Public Buildings Condition Survey Backlog	217,000		(37,000)	180,000		47,000	227,000	227,000	
Energy Efficiency Measures	52,800			52,800		7,897	60,697	60,697	
Bransty Soil Nailing		5,000		5,000		95,000	100,000	100,000	
Moresby Parks			25,000	25,000			25,000	25,000	
Valuation Data transfer			20,000	20,000			20,000	20,000	
New FMS		15,590		15,590		2,120	17,710	17,710	
Copeland Reception		150,000		150,000			150,000	150,000	
<b>Corporate Resources Total</b>	<b>269,800</b>	<b>170,590</b>	<b>8,000</b>	<b>448,390</b>		<b>162,017</b>	<b>600,407</b>	<b>600,407</b>	
<b>Neighbourhoods:</b>									
Rotlington Beck/St Bees Prom		68,781		68,781		59,500	128,281	128,281	
Vehicles			111,000	111,000			111,000	111,000	
Data Capture		23,350		23,350		10,323	33,673	33,673	
Regeneration software		12,912		12,912		28,000	40,912	40,912	
Childrens Playgrounds		40,000		40,000		883	40,883	40,883	
Millom Cemetery Land Purchase	110,000	39,216		149,216			149,216	149,216	
Fuel Tank						16,996	16,996	16,996	
Whitehaven Cemetery Extension						1,655	1,655	1,655	
Whitehaven Cemetery						8,200	8,200	8,200	
Whitehaven Market Lights						1,500	1,500	1,500	
Moor Row Play Area					80,000		80,000		80,000
<b>Neighbourhoods Total</b>	<b>110,000</b>	<b>184,259</b>	<b>111,000</b>	<b>405,259</b>	<b>80,000</b>	<b>127,067</b>	<b>612,316</b>	<b>635,316</b>	<b>80,000</b>
<b>Regeneration and Community:</b>									
Mount Pleasant						3,000	3,000	3,000	
NCL (energy efficiencies)						39,500	39,500	39,500	
Disabled Facilities Grants	500,000	180,000		680,000		(41,711)	638,289	328,289	310,000
Development Management - e-access			10,000	10,000			10,000	10,000	
<b>Regeneration and Community Total</b>	<b>500,000</b>	<b>180,000</b>	<b>10,000</b>	<b>690,000</b>		<b>789</b>	<b>690,789</b>	<b>62,500</b>	<b>328,289</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>879,800</b>	<b>634,849</b>	<b>129,000</b>	<b>1,643,649</b>	<b>80,000</b>	<b>303,707</b>	<b>1,927,356</b>	<b>1,209,067</b>	<b>390,000</b>

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