

Capital Budget Monitoring 2021-22- April to December 2021: Summary of Key Variances

	Variance £'000
Economic Growth, Community Development & Placemaking	
<p>Strategic Acquisitions: The Strategic Acquisitions capital budget was established to meet the cost of acquiring and redeveloping commercial properties to support business start-ups and the small business sector. No capital expenditure has been charged against the budget (£379,329) in the nine months to December 2021 and none of the available budget is currently expected to be used in the current financial year. However, the Council continues to explore opportunities to acquire land and property that will contribute to the delivery of key strategic objectives and in particular, the regeneration schemes in Workington and Maryport. Any unused budget at the end of the current financial year will be carried forward to 2022-23 in order for it to remain available to take advantage of property acquisition and development opportunities that support the achievement of Council Priorities.</p>	(379)
<p>Lillyhall Infrastructure:</p> <p>The 2021-22 revised three-year capital budget includes £1,977,186 (including £1,762,506 carried forward from 2020-21) to support a hybrid planning application for enabling infrastructure and speculative industrial and commercial development, along with the delivery of enabling infrastructure works, on Council owned land at Lillyhall. The scheme (total budget £2,414,680 inclusive of expenditure incurred in 2020-21 of £437,494 and a budget of £214,680 in 2022-23) is financed from Growth Deal grant funding from Cumbria LEP (£1,789,761), capital receipts (£74,920) and borrowing (£549,999).</p> <p>Forecast expenditure on the project in 2021-22 is £268,816 against a budget of £1,762,506. This results in a projected underspend for the year to March 2022 of £1,493,690.</p> <p>Delays in obtaining technical approvals from Cumbria County Council for highways works and subsequent negotiations in respect of the associated s278 Agreement have pushed back commencement of on-site works. These are now expected to commence in March 2022 with completion expected in the autumn of 2022.</p> <p>At the end of the current financial year, any unused budget will be re-profiled to 2022-23 in line with the revised delivery timetable.</p> <p>Forecast expenditure over the lifetime of the project is £2,888,394; an overspend of £473,714 compared to the current budget of £2,414,680. Underpinning this projected overspend are additional (unbudgeted) costs associated with adoption of the newly constructed estate roads and water drainage systems by the relevant authorities.</p> <p>This overspend is partly addressed through a growth bid of £410,954 (financed from capital receipts) submitted for approval as part of the 2022-23 budget setting process. This leaves a residual variance (overspend) of £62,760.</p>	(1,494)

	Variance £'000
<p>Maryport Regeneration (HAZ):</p> <p>Based around Senhouse Street Maryport, the capital element of this programme of works involves:</p> <ul style="list-style-type: none"> • the refurbishment of four key high street buildings (including Maryport Town Hall, the Maritime Museum, Heron Foods and 68 Crosby Street) • an extensive shop-front grant scheme to facilitate the replacement of some of the poorer quality shopfronts • small-scale public realm improvements. <p>The total capital budget for the programme of works is £750k. Expenditure of £21k was incurred on the programme in 2020-21 leaving a remaining budget of £729k (2021-22 revised capital budget). This is currently profiled to be spent across financial years 2021-22: £365k (including £106k carried forward from 2020-21) and 2022-24: £364k. The scheme is funded from Heritage Action Zone Funding from Historic England of £593k (including capital funding of £470k), capital receipts of £150k and borrowing of £130k.</p> <p>Forecast expenditure for the year to March 2022 is £207,686. A projected underspend of £157,006 against the 2021-22 budget of £364,692. The overall forecast underspend reflects delays to several of the schemes with the forecast net underspend underpinned by:</p> <ul style="list-style-type: none"> • 1 Senhouse Street - £27,634 underspend • 68 Crosby Street - £33,724 underspend • Heron Foods - £49,050 underspend • Shop Fronts - £39,884 underspend. <p>Any unused budget in 2021-22 will be re-profiled to 2022-23.</p>	(157)
<p>Kirkgate Centre Contribution: A budget of £100k was approved in 2017-18 to enable the Council to make a capital contribution to support the financing of a project to renovate and extend the facilities at the Kirkgate Arts and Heritage Centre, Cockermouth. The Council's contribution is subject to receipt of a satisfactory business case and the outcome of a bid made to the Heritage Lottery Fund by the charitable trust responsible for running the centre.</p> <p>No expenditure was incurred on the project in the period April to December 2021 and no expenditure is currently forecast to be incurred during the current financial year due in part to enforced closures caused by Covid. However, the trust has begun to complete building surveys to inform options appraisals and develop a business case. A request to carry forward any unused budget to 2022-23 is expected to be submitted as part of the 2021-22 capital outturn report.</p>	(100)
<p>Workington Hall Repair Scheme:</p> <p>The budget of £250k covers refurbishment and consolidation works necessary to ensure continued progression towards eventual removal of the building from the At Risk Register. The forecast variance at the end of December is underpinned by the impact of ecological considerations which restricted the period during which the site could be accessed. As a consequence of these the planned program of works, reflected in the budget provision, was scaled back to reflect the time during which site access was permitted.</p> <p>The current programme of works has now reached practical completion and a request to carry forward any unused budget at the end of the current financial year is expected to be submitted as part of the 2021-22 capital outturn report. This carry-forward will supplement the growth bid of £75k submitted as part of the 2022-23 budget cycle in respect of the Authority's contribution toward a further programme of works to ensure continued progression towards eventual removal of the building from the At Risk Register.</p>	(95)

	Variance £'000
<p>Maryport Future High Streets Initiative:</p> <p>The revised 2021-22 revised capital budget includes a budget of £12,221k, profiled across financial years 2021-22 to 2023-24, in respect of the Maryport Future High Streets Initiative. The scheme incorporates a number of projects relating to the regeneration of Maryport Town Centre. These cover:</p> <ul style="list-style-type: none"> • enhancement of the public realm areas with a focus on pedestrian improvements and surface enhancements on Curzon & Senhouse Streets, landscaping work and rationalising street furniture • developing a semi covered market space on vacant land at 64, Senhouse Street (Empire Yard) • redevelopment of the former Carlton Cinema as a community hub • redevelopment of the Wave to provide a more comprehensive leisure and activities hub which will incorporate a leisure pool as well as additional features such as e-bike hire and charging centre • purchase and redevelopment of Christchurch building to form an Arts and Heritage Hub • conversion of retail units into high quality apartments (grant scheme). <p>The capital budget is funded primarily from a capital grant from the Governments Future High Streets Fund of £11,497k (£11,528k awarded less £31k utilised to meet costs incurred in 2020-21). The balance is funded from other grants £17k, capital receipts £75k and borrowing £632k.</p> <p>Forecast expenditure for the year to March 2022 is £762,358. A projected underspend of £280,101 against the 2021-22 budget of £1,042,459. Underpinning the forecast net underspend are variances of:</p> <ul style="list-style-type: none"> • £248,905 (underspend) in respect of the Carlton Cinema • £58,281 (underspend) relating to Empire Yard as result of ongoing issues related to the acquisition of building for the land assembly needed to progress the project • £31,927 (overspend) relating to additional survey work relating to The Wave. <p>Any unused budget in 2021-22 will be re-profiled to 2022-23.</p>	(280)
<p>Workington (Accelerated) Towns funding scheme:</p> <p>The revised 2021-22 capital budget includes £481,841 (carried forward from 2020-21), funded from the Accelerated Towns Fund grant allocation, for the acquisition and demolition of the former Opera House, Workington. The total budget for this scheme is £502,136 inclusive of costs of £20,295 incurred in 2020-21.</p> <p>Following negotiations, the current owner offered to demolish the building enabling the Authority to purchase the cleared site. Contracts were exchanged on 16 March 2021 with completion due once demolition works are completed.</p> <p>The change, from acquisition and demolition, to purchase of the cleared site has had a favourable impact on costs and contributed to a favourable forecast variance for 2021-22 of £146,832. As a result of this forecast underspend, Accelerated Towns Fund Grant of £133,006, previously earmarked to finance this scheme will be redirected to finance the Underpass & Public Realm Scheme (Brow Top Enhancements scheme) for which use of Accelerated Towns Fund Grant was also approved.</p> <p>Combined with the £281,985k of Accelerated Towns Funding utilised in 2020-21 (including £261,690 utilised to finance the Brow Top Enhancements scheme, this will equate the total Accelerated Towns Funding applied with the Authority's funding allocation of £750,000.</p>	(147)

	Variance £'000
Workington - Towns funding scheme:	(51)
<p>The revised three-year capital programme 2021-22 to 2023-24 includes a budget of £15,800k relating to the five priority projects contained in the Workington Town Deal funding offer of £23.1m (including capital funding of £22.4m) across financial years 2021-22 to 2025-26, and related Heads of Terms Agreement between the Authority and the Department for Levelling Up, Housing and Communities (DLUHC) (formerly the Ministry of Housing, Communities and Local Government) signed in April 2021.</p> <p>The five priority projects being taken forward as part of Workington Town Deal are</p> <ol style="list-style-type: none"> 1. Port of Workington – Clean Energy and Logistics Hub 2. Innovation and Entrepreneurship Programme 3. Townscape and Connectivity Improvements 4. Digital Accelerator 5. Workington Sports Village <p>Funding for individual projects remains subject to successful completion of Phase 2 of the Towns Fund process. Following agreement of the Heads of Terms, the Authority has a period of up to 12 months in which to develop the agreed projects and complete detailed business cases for each of the projects being taken forward. This will include confirming delivery arrangements and detailed assessment of the revenue consequences of the projects on the Council's MTFP. This information will then be subject to assessment and agreement by Government, prior to funding being released in accordance with an agreed funding profile.</p> <p>In line with the prescribed process and timetable, business cases for the Town Deal projects are currently being developed for approval and submission to DLUHC by March 2022. No significant capital spend is therefore anticipated until 2022-23 and any unused budget in 2021-22 will be re-profiled to 2022-23.</p> <p>Actual and committed expenditure incurred in 2021-22 (see appendix B1) relates primarily to revenue costs relating to professional fees for feasibility studies and the preparation business cases to support the funding process. These costs will be met from the revenue budget.</p>	
Total variance: Economic Growth, Community Development & Placemaking	(2,703)
Policy, Governance and People Resources	
Mandatory Disabled Facilities Grants:	(1,109)
<p>This scheme involves mandatory grant support to individuals to meet the cost of housing adaptations that enable people to stay living in their own home for longer. The Authority has a statutory duty to provide adaptations to the homes of disabled people who qualify for a mandatory DFG. Expenditure on DFGs is fully funded from an annual grant paid to upper-tier authorities as part of the Better Care Funding allocations and cascaded to district councils responsible for providing DFGs.</p> <p>The budget for 2021-22 is £1,932,117 including £554,612 carried forward from 2020-21. Total expenditure on DFGs in the nine months to December 2021 was £416,092. This compares with expenditure of £859,342 and £364,294 for the corresponding nine month periods in 2019-20 and 2020-21 respectively. Based on the value of grants approved but not yet paid and current levels of grant approvals, the forecast outturn expenditure for the year to March 2022 is £823,248. This results in a forecast underspend of £1,108,869 compared to the current budget.</p> <p>Underlying the forecast underspend has been the inability of key framework contractors to take on any more adaptation work during the period November 2021 to March 2022, as a result Covid-19 related issues, staff constraints and a back log of work built up during the pandemic. In addition, internal staffing resource pressures exist around supporting the administration of grant applications from initial contact to the service through to completion of grants.</p> <p>At the end of the current financial year, any unused budget will be re-profiled to 2022-23.</p>	

	Variance £'000
Discretionary Grants:	(50)
<p>The budget of £50k was originally established in 2020-21 to provide match funding in connection with an application to the Electricity North West Empowering Our Communities Fund, to deliver the Cold to Cosy Homes Scheme, in Allerdale, from April 2020). The scheme was launched in September 2020 and will run over two years. No expenditure was incurred on the project in 2020-21 and the budget was reprofiled from 2020-21 to 2021-22 as part of the 2020-21 revised capital budget.</p> <p>As a result of resourcing constraints, no further work has been undertaken during 2021-22 with regard to how the budget could be used to support the Cold to Cosy Homes Scheme and it remains unlikely that any such work will take place during the current financial year. None of the available budget is therefore expected to be used in the current financial year.</p> <p>A request to carry forward any unused budget at the end of the current financial year is expected to be submitted as part of the 2021-22 capital outturn report.</p>	
Items < £30k	18
Total variance: Policy, Governance & People Resources	(1,141)
Environmental Services	
Biodiversity and Green Infrastructure programmes:	(118)
<p>A budget of £231,698 (including £160,480 carried forward from 2020-21) is included in the three year capital programme to meet the costs of a number of environmental initiatives including the Get Cumbria Buzzing – West Cumbria's Pollinator project and Siddick Pond Wetland Creation Scheme. The remaining budget is currently profiled to be spent in financial years 2021-22 (£220,562) and 2022-23 (£11,136) and is funded from grants of £142,416 and borrowing of £89,282.</p> <p>All delivery partners involved in "Get Cumbria Buzzing" have struggled to deliver within the initial programme timescale due to the impact of Covid. For this reason, Cumbria Wildlife Trust, the accountable body for "Get Cumbria Buzzing", has been granted a 6-month project extension by the Lottery, meaning a new project completion date of November 2022. In line with this extension, a number of projects will now be delivered in the 2022-23 financial year.</p> <p>The Siddick Pond Wetland Creation Scheme has been delayed due a protracted procurement exercise and difficulties in appointing a contractor. This has impacted on delivery timescales with most recent plans, to complete the project during February and the first half of March, no longer achievable. Due to environmental constraints on the site (notably breeding wetland birds) the next available window for carrying out the work is August/September 2022.</p> <p>No proposals to revise the profiling of the existing budget across financial years were submitted during the 2021-22 revised cycle. However, a request to carry forward any unused budget to 2022-23 is expected to be submitted as part of the 2021-22 capital outturn report.</p>	
Items < £30k	11
Total variance: Environmental Services	(107)
Leisure and Tourism	
Items < £30k	22
Total variance: Leisure & Tourism	22
Total variance	(3,929)