

Capital Budget Monitoring 2022-23 - April to July 2022: Summary of Key Variances

	Variance £'000
Economic Growth, Community Development & Placemaking	
Strategic Acquisitions:	(379)
<p>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 was recorded against this budget in the four months to July 2022 and none of the available budget (£379,329) is currently forecast 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. It is anticipated that any unused budget at the end of the current financial year will be carried forward to 2023-24.</p>	
Maryport Regeneration (HAZ):	61
<p>The capital element of this programme of works includes:</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 in the vicinity of Senhouse St. Maryport small-scale public realm improvements. <p>The total expenditure budget for the programme of £727k is profiled to be spent across financial years 2020-21: £21k (actual), 2021-22 £254k (actual), 2022-23: £396k and 2023-24 £56k. To reflect the intended delivery and funding arrangements, expenditure of £155k funded from private sector contributions is excluded from the budgeted sum.</p> <p>The scheme is funded from Heritage Action Zone grant from Historic England of £593k (including capital funding of £458k); capital receipts of £150k and borrowing of £119k.</p> <p>The reported adverse variance of £61k (overspend) comprises; Town Hall (£27k overspend); Maritime Museum (£18k overspend); Shop Front scheme (£34k overspend) less unallocated budget of £18k. The reported overspend is underpinned by a combination additional works and changes to the timing of expenditure over the lifetime of the programme.</p>	
Regeneration and investment:	(2,100)
<p>The budget of £2.1m represents the balance of a £5m capital budget established in 2019-20 to support regeneration and investment opportunities. £600k was reallocated to provide match funding for the Lillyhall Infrastructure scheme as part of the 2020-21 revised budget and address the funding shortfall arising from the loss of third party contributions toward scheme costs. The remaining budget (£4.4m), to be funded from borrowing, was reprofiled from 2021-22 to 2022-23 as part of the 2021-22 revised budget cycle.</p> <p>A further £2.3m was reallocated as part of the 2022-23 budget cycle to provide match funding for the Workington Sports Village (£1m) and Workington Innovation and Entrepreneurship Programme (£1.3m) elements of the Towns Deal scheme (see below). No expenditure has been charged against the available budget during the four-month period April to July 2022 and no formal plans to utilise the remaining budget of £2.1m have been submitted. It is anticipated that, at the end of the current financial year, any unused budget will be subject to a carry forward request to re-profile the unused budget to 2023-24.</p>	
Kirkgate Centre Contribution:	(100)
<p>The budget of £100k (brought forward from 2021-22) was originally 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. No expenditure was incurred on the project in the four months to July 2022 and no expenditure is currently forecast to be incurred during the current financial year. The trust has however begun to complete building surveys to inform options appraisals and develop a business case. In the meantime, the Council remains committed to providing match funding in order to support grant applications by the Kirkgate Centre. Any unused budget from 2022-23 is therefore expected to be subject to a carried forward request to re-profile the unused budget to 2023-24.</p>	

	Variance £'000
Maryport Future High Streets (FHS) Initiative:	(5,592)
<p>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 ebike 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 remaining budget for the initiative (including budget of £370k carried forward from 2021-22) is profiled to be spent across financial years 2022-23: £7,682k and 2023-24: £3,866k. Costs of £31k and £673k, funded from FHS grant, were incurred in 2020-21 and 2021-22 respectively. The total capital budget for the scheme is £12,252k.</p> <p>The primary source of funding for the project is a capital grant of £11,528k from the Governments Future High Streets Fund. The balance is funded from other grants £17k, capital receipts £75k and borrowing £632k.</p> <p>Projected Outturn for the year to March 2023 is £2,090,651 giving rise to a net forecast underspend of £5,591,316 against the 2022-23 budget of £7,681,967. Underpinning the net underspend are variances of:</p> <ul style="list-style-type: none"> • £1,709,494 in respect of the Carlton Cinema as a result of delays to RIBA stage 3 design work, submission of the planning application and the requirement for additional survey work • £1,126,647 in respect of redevelopment of Christchurch building and • £2,184,856 relating to The Wave following an extension to the procurement process • £570,318 in respect of public realm works (£85,470) and Residential Grant scheme (£484,848) <p>The unused budget in 2022-23 will be carried forward to 2023-24.</p>	
Workington (Accelerated) Towns funding scheme:	(172)
<p>The capital budget of £468,749 (carried forward from 2021-22), funded from the Accelerated Towns Fund grant (£149,996) and borrowing (£318,753), was established to cover 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 and £13,092 in 2021-22. 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 and outstanding party wall issues have been resolved by the current owner. The change from acquisition and demolition of the former Opera House to purchase of the cleared site has had a favourable impact on costs and contributed to a favourable forecast variance for 2022-23 of £172,213.</p>	

	Variance £'000
Workington - Towns funding scheme:	(6,274)
<p>The three-year capital programme 2022-23 to 2024-25 includes £23,251k relating to capital expenditure on the five priority projects contained in the Workington Town Deal funding offer of £23.1m (including capital funding of £22.4m) and related Heads of Terms Agreement between the Authority and DLUHC signed in April 2021. The budget also includes £2.3m of match funding from Allerdale BC (reallocated from the previously agreed £4.4m Regeneration and Investment budget) to be met from borrowing. Expenditure of £49k was incurred in 2021-22. The remaining expenditure is currently profiled to be spent across financial years 2022-23 (£7,951k including £51k b/fwd from 2021-22); 2023-24 (£10,100k); 2024-25 (5,200k) and 2025-26 (£1,400k). The five priority projects 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>Pending the completion of phase 2 of the Towns Fund process, the current profile of the expenditure budget across financial years 2021-22 to 2025-26 was established to mirror the indicative values included in the financial profile submitted to DLUHC in September 2021. Phase 2 has now been completed and funding for year one of the programme (£5,415k) has been received. Projects have now transitioned to the delivery phase with current forecasts based on estimates of costs expected to be incurred on site surveys and detailed design work required to confirm cost plans and support the submission of planning applications. Forecasts will be reviewed and updated as this work progresses. Any unused budget in 2022-23 will be re-profiled to 2023-24.</p>	
Items < £30k	(7)
Total variance: Economic Growth, Community Development & Placemaking	(14,563)
Finance and Legal	
Leased Assets - property, vehicles & equipment:	(74)
<p>The budget of £74k was established to accommodate the expected budget implications arising from the planned implementation of IFRS 16 - Leases from 1 April 2022. However, following an emergency consultation during February and March 2022 on proposals for changing the Code of Practice on Local Authority Accounting for 2021-22 and 2022-23, CIPFA LASAAC issued a further statement in April 2022 deferring the implementation of IFRS 16 until 1 April 2024. However, both the 2022-23 and the 2023-24 Codes are expected to allow for adoption as of 1 April 2022 or 2023. Following CIPFA LASAAC's latest statement on IFRS 16 and, having regard to the Authority's ongoing involvement with local government reorganisation in Cumbria, and the preparedness of existing sovereign authorities to implement IFRS 16 in 2022-23, a collective decision was taken by sovereign authorities not to implement IFRS 16 prior to Vesting Day on 1 April 2023. The budget of £74k is therefore no longer required in 2022-23.</p>	
Total variance: Finance & Legal	(74)
Policy, Governance and People Resources	

	Variance £'000
Mandatory Disabled Facilities Grants:	(1,708)
<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 2022-23 is £2,588,613 including £1,211,108 carried forward from 2021-22. Total expenditure on DFGs in the four months to July 2022 was £33,073. This compares with expenditure of £127,364 and £48,171 for the corresponding four-month periods in 2021-22 and 2020-21 respectively.</p> <p>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 is £847,063. This results in a forecast underspend for the year March 2023 of £1,708,477 against the current budget and £497,369 when compared to the original budget, (i.e. excluding budget carried forward from 2021-22). At the end of the current financial year, any unused budget will be re-profiled to 2023-24.</p>	
Social Housing Decarbonisation:	(40)
<p>The budget of £1,172,945 relates to a programme of works, to be delivered in partnership with Home Housing Group, designed to improve the energy performance of the Group's social housing stock. Eligible works include capital expenditure on energy efficiency and heating measures compatible with the Standard Assessment Procedure (SAP) that will help improve properties to the required performance standards. This includes, but is not limited to, energy efficiency measures (such as wall, loft, and underfloor insulation) and low carbon heating technologies. The expenditure is fully funded from a grant from the Government's Social Housing Decarbonisation Fund. The grant award includes £40,000 to cover administrative and ancillary costs incurred by the Council and capitalised in accordance with proper practices. At the end of July no such costs had been incurred or identified.</p>	
Items < £30k	35
Total variance: Policy, Governance & People Resources	(1,713)
Environmental Services	
Biodiversity and Green Infrastructure programmes	(32)
<p>The budget of £148,928 (including £137,792 carried forward from 2021-22) relates to a number of environmental initiatives including the Get Cumbria Buzzing – West Cumbria's Pollinator project and Siddick Pond Wetland Creation Scheme. The current budget is funded from Heritage Lottery Fund (HLF) grant funding (allocated via Cumbria Wildlife Partnership) of £99,283, capital contributions from Cumbria County Council (£10,000) and borrowing (£39,645).</p> <p>As a result of changes made to the nature and scale of work carried out in relation to schemes associated with the Get Cumbria Buzzing project, along with the significant use of volunteers working alongside officers (Workington Nature Partnership Officer & Nature Ranger), the costs of delivering these schemes are expected to be lower than budget. As a consequence, it is anticipated that £32,283 of the £99,283 remaining from the £172,043 HLF allocation, will not be required.</p>	
Items < £30k	1
Total variance: Environmental Services	(31)
Total variance	(16,381)