

Capital Budget Monitoring 2022-23 - April to September 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 six months to September 2022.</p> <p>The current intention is for this budget to be used to support necessary land acquisition in connection with the proposed Workington Gateway project submitted by the Council through DLUHC's Levelling Up Fund Round 2 call for projects. A key component of the highway improvement focused element of the project are junction improvements and road widening at Ramsay Brow and Hall Brow (A66/A596). Government is expected to announce in autumn 2022 which projects will receive grant funding. Should the Authority's bid be successful, the available budget is expected to be utilised in the final quarter of 2022-23 to provide a match funding contribution towards the costs of acquiring the land and buildings required for delivery of the highway improvements at Ramsay Brow.</p>	
Lillyhall Infrastructure	(52)
<p>The capital budget of £2,148k covers 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, Workington. The scheme (total cost £2,825,634 inclusive of expenditure incurred in 2020-21 and 2021-22 of £437,494 and £240,359 respectively) is financed from Growth Deal grant funding from Cumbria LEP (£1,789,761), capital receipts (£485,874) and borrowing (£549,999).</p> <p>In response to growing cost pressures, the length of internal spine road to be delivered has been reduced to contain costs within the available. As a consequence the forecast outturn is currently expected to undershoot the available budget by £52,571.</p>	
Maryport Regeneration (HAZ):	66
<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 £66k (overspend) comprises; Town Hall (£22k overspend) and Maritime Museum (£44k overspend). The reported overspend is underpinned by a combination additional works and changes to the timing of expenditure over the lifetime of the programme.</p>	

	Variance £'000
<p>Regeneration and investment:</p> <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 six-month period April to September 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>	(2,100)
<p>Workington Hall Repairs</p> <p>The budget of £190k covers the ongoing programme of major repairs and consolidation works to ensure continued progression towards eventual removal of the building from the At Risk Register. The current budget includes £95k underspend brought forward from 2021-22 to supplement the budget of £75k, approved as part of the 2022-23 budget cycle and £20k grant awarded by Heritage England.</p> <p>The total cost of the proposed scheme of works was previously estimated at £260k. This includes costs of £100k (not included in the current budget provision) to be met from grant funding and subject to the outcome of the Authority's grant application to Heritage England. The remainder was budgeted to be funded from capital receipts (£75k) and borrowing (£95k). Following an unsuccessful initial tender, exercise a second tender exercise was completed in September. However, whilst this resulted in two bids, neither tenderer was able to meet the required timetable for commencing work in order to comply with ecological constraints on site access.</p> <p>Tenders received were also significantly higher than the available budget. Work is currently ongoing to ascertain the programme of works achievable within the available funding envelope ahead of the next ecological window in the spring of 2023.</p>	(171)

	Variance £'000
Maryport Future High Streets (FHS) Initiative:	(5,784)
<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 £369,560 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>The 2022-23 capital budget (including budget carry forwards from 2021-22) comprises:</p> <ul style="list-style-type: none"> • £2,335,818 - Carlton Cinema* • £1,614,674 - Christchurch* • £2,929,994 - The Wave & ebike Hub* • £192,131 - Public Realm* • £609,349 - Residential grants <p>Following the decision to scale back the Empire Yard scheme as a result of difficulties in securing the land holdings needed to progress the project, the 2022-23 capital budget allocation also includes the reallocation of £1,261,382 previously assigned to the Empire Yard scheme to meet increased costs of other projects*.</p> <p>Forecast expenditure for the year to March 2023 is £1,898,335 giving rise to a net forecast underspend of £5,783,632 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 additional survey work and design work required to address party wall issues. This has delayed the tendering process and the commencement of on-site works. • £1,504,662 in respect of redevelopment of Christchurch building and • £2,183,382 relating to The Wave following an extension to the procurement process and reissuance of tenders. Tender returns are due to be received in December 2022. Subject to meeting required procurement criteria including affordability and contract award, work is expected to commence around February 2023. • £330,007 relating to the Residential Grant scheme as a result of delays experienced by applicants in obtaining and planning consents and requisite numbers of tenders, and • £56,054 in respect of public realm works. <p>The unused budget in 2022-23 will be carried forward to 2023-24.</p>	

	Variance £'000
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. The original scope for the Opera House project was to purchase and then demolish the original building. However, 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. Purchase of the site was completed on 17 August 2022 following completion of demolition works and the resolution of outstanding party wall issues. 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 £172,332.</p>	
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 and set out in the early business cases for each of the five projects.</p> <p>Phase 2 has now been completed and funding for year one of the programme (£5,415k) has been received by the Authority. 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>	
Total variance: Economic Growth, Community Development & Placemaking	(14,866)
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)

	Variance £'000
Policy, Governance and People Resources	
Mandatory Disabled Facilities Grants:	(1,703)
<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 six months to September 2022 was £134,178. This compares with expenditure of £270,649 and £134,279 for the corresponding six-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 £885,502. This results in a forecast underspend for the year March 2023 of £1,703,111 against the current budget and £492,003 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	33
Total variance: Policy, Governance & People Resources	(1,710)
Environmental Services	
Biodiversity and Green Infrastructure programmes	(45)
<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 Trust) 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.</p> <p>As a consequence, it is anticipated that £45,487 of the £99,283 remaining from the £172,043 HLF allocation, will not be required.</p>	
Items < £30k	28
Total variance: Environmental Services	(17)
Total variance	(16,667)