

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

	Variance £'000
Economic Growth, Community Development & Placemaking	
Strategic Acquisitions:	(379)
<p>The Strategic Acquisitions capital budget was originally 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 nine months to December 2022.</p> <p>Following the Authority's success in securing grant funding from the Government's Levelling Up Fund for the Workington Gateway project, the current intention is for this budget to be used in 2023-24 and 2024-25 to meet the Authority's match funding contribution towards the costs of delivering of the highway improvements at Ramsay Brow and Hall Brow (A66/A596).</p>	
Lillyhall Infrastructure	(433)
<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 budget. As a consequence the forecast outturn is currently expected to undershoot the available budget by £432,798. It is anticipated that, at the end of the current financial year, a carry forward request will be submitted to reprofile any unused budget to 2023-24.</p>	
Maryport Regeneration (HAZ):	(63)
<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 variance of £63k (underspend) comprises; Town Hall (£18k overspend) and Maritime Museum/1 Senhouse St. (£81k underspend).</p> <p>The reported net underspend is underpinned by a combination additional works and changes to the timing of expenditure over the lifetime of the programme.</p> <p>The net underspend will be carried forward to 2023-24.</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 nine-month period April to December 2022.</p> <p>In January 2023 it was agreed that £261k would be released from the exiting budget (in 2023-23) to meet additional (unbudgeted) costs associated with the capital works required to develop a new art gallery at 1 Senhouse Street, Maryport (formerly Maryport Maritime Museum) as part of the Maryport Heritage Action Zone (HAZ) project. The increase in costs follows the addition of a residential unit to the top floor as required for the operational model for the gallery, the discovery of asbestos in the property and inflationary pressures on construction costs since the original programme of works was submitted by the Council to Historic England in March 2020.</p> <p>At the time of writing proposals to utilise the remaining budget (£1.839m) to support projects connected with the Workington Towns Deal and Maryport FHS and HAZ schemes are been drawn-up.</p> <p>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 2022. 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>	(170)

	Variance £'000
Maryport Future High Streets (FHS) Initiative:	(7,012)
<p>The Maryport Future High Streets Initiative 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 initiative 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 £670,410 (compared to £1,898,335 at the end of Q2) giving rise to a net forecast underspend of £7,011,557 against the 2022-23 budget of £7,681,967. Underpinning the net underspend are variances of:</p> <ul style="list-style-type: none"> • £2,287,128 (Q2:£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. • £1,484,650 (Q2:£1,504,662) in respect of redevelopment of Christchurch building and • £2,749,635 (Q2: £2,183,382) relating to The Wave following an extension to the procurement process and reissuance of tenders • £425,316 (Q2:£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 • £64,795 (Q2: £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
<p>Workington (Accelerated) Towns funding scheme:</p> <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 £175,787.</p>	(176)
<p>Workington - Towns funding scheme:</p> <p>The three-year capital programme 2022-23 to 2024-25 includes £23.251m 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 the 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. Key components of the £1,220,709 projected outturn at the end of Q3 comprise, £400,000 relating to the Innovation Centre and updated forecast expenditure of £489,389 on delivery of the £1.0m Digital Accelerator project in association with Lakes College.</p> <p>Any unused budget in 2022-23 will be re-profiled to 2023-24.</p>	(6,730)
Items < £30k	(14)
Total variance: Economic Growth, Community Development & Placemaking	(17,077)

	Variance £'000
Finance and Legal	
Leased Assets - property, vehicles & equipment:	(74)
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 mandatory implementation of IFRS 16 until 1 April 2024. Both the 2022-23 and the 2023-24 Codes allow for voluntary adoption as of 1 April 2022 or 2023. However, 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.	
Total variance: Finance & Legal	(74)
Policy, Governance and People Resources	
Mandatory Disabled Facilities Grants:	(1,683)
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 disabled facilities grant (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.	
The budget for 2022-23 is £2,588,878 including £1,211,108 carried forward from 2021-22. Total expenditure on DFGs in the nine months to December 2022 was £552,968. This compares with expenditure of £416,092 and £364,394 for the corresponding nine-month periods in 2021-22 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 2023 is £905,768. This results in a forecast underspend for the year of £1,683,110 against the current budget and £472,002 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.	
Discretionary Grants	(43)
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. No expenditure was incurred on the project in 2020-21 and the budget was subsequently reprofiled from 2020-21 to 2021-22 as part of the 2020-21 revised capital budget. As a result of resourcing constraints, no further work was undertaken during 2021-22 with regard to how the budget could be used to support the Cold to Cosy Homes Scheme and no expenditure was charged against this budget in 2021-22. The unused budget was carried forward to 2022-23. During 2022-23, £6,663 was transferred to meet the costs of providing Empty Homes Grants. No plans to utilise the remaining budget are currently in place.	
Social Housing Decarbonisation:	(40)
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 December no such costs had been incurred or identified.	

	Variance £'000
Items < £30k	23
Total variance: Policy, Governance & People Resources	(1,743)
Environmental Services	
Biodiversity and Green Infrastructure programmes	(44)
<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 £37,882 of the £99,283 remaining from the £172,043 HLF allocation, will not be required. The balance of the projected underspend (£6,129) will result in a reduction the associated borrowing requirement.</p>	
Items < £30k	11
Total variance: Environmental Services	(33)
Total variance	(18,927)