

**Eden District Council**

**Executive**

**7 July 2015**

**Scrutiny Co-ordinating Board**

**10 September 2015**

**Council**

**16 July 2015**

**Capital Expenditure 2014-2015 Outturn and Revised 2015-2016 Programme**

**Lead Officer: Director of Finance**

**Lead Portfolio: Resources**

**1. Purpose of Report**

1.1 This report is to advise Members of:

- a. capital expenditure for the financial year 2014-2015, together with the means by which it was funded; and
- b. to present an amended Capital Programme for 2015-2016, to take account of a revision of projected resources and other factors affecting the Council's Capital Programme and the impact of the 2014-2015 outturn, subject to audit.

1.2 The Capital Programme is susceptible to change because of a variety of factors. Capital schemes can be subject to slippage and overspend, which can affect finance.

1.3 This report is brought before Members on an annual basis to take account of such factors and to allow Members to assess the Capital Programme for the current financial year. It also forms the basis for the Capital Programme for the coming financial year.

**2. Recommendations**

- 1 The outturn for 2014-2015, subject to audit, as set out in Appendix A, is noted;
- 2 The amended Programme for 2015-2016, as set out in Appendix C, is agreed;
- 3 Executive recommend to Council the carry forward of the unused revenue funding for capital in 2014-2015 to 2015-2016 as a supplementary estimate of £172,000 in 2015-2016;
- 4 No new schemes are included in the Programme, unless fully grant-funded, formally approved by Council, or emergency schemes.

### 3. Report Details

#### 3.1 Capital Outturn 2014-2015

Expenditure for the year, together with the revised budget figures and any resultant variances, is shown below. Members should note the portfolios are those from before 21 May 2015. This aids comparison with previous reports. Future reports will show the portfolios as approved by Council on 21 May 2015.

| Portfolio                | 2014-2015<br>Outturn | 2014-2015<br>Revised<br>Estimate | Variance |
|--------------------------|----------------------|----------------------------------|----------|
|                          | £'000                | £'000                            | £'000    |
| Environment              | 134                  | 259                              | 125      |
| Planning and Economy     | 275                  | 321                              | 46       |
| Housing                  | 342                  | 542                              | 200      |
| Communities              | 261                  | 350                              | 89       |
| Resources                | 195                  | 1,139                            | 944      |
| Repairs and Renewal Fund | -11                  | 196                              | 207      |
|                          | 1,196                | 2,807                            | 1,611    |

3.2 Details of the above variances are shown at Appendix A. The main areas of variance were due to slippage of the following schemes:

- **Housing Renovation Grants** - The budgets have again been under subscribed in 2014-2015. The under spend on Mandatory (Disabled Facilities) Grants of £123,000 will be carried forward to 2015-2016. A review was undertaken of Housing Grants and future budgets reviewed during the 2015-2016 budget setting process. In setting the capital programme in December 2014, the spending in recent years on Discretionary Grants was highlighted resulting in the budget for 2015-2016 being reduced from £240,000 to £160,000 (Ref CD7/15; Housing Portfolio 23 January 2015) Due to anticipated extra demand, it has been agreed that the £75,000 unused funding in 2014-2015 be rolled forward to 2015-2016. However, as per report F5/15 (Executive 27 January 2015) a full review will be presented to Executive on 3 November 2015 by the Communities Director reviewing spending in 2015-2016 and future demand;
- **Town Hall Site (land assembly, demolition and car park construction)** – This scheme has been delayed. The land has been converted to a car park during 2014-2015 and further work is required to the car park including signage, ticket machines, and to the main Town Hall gates;
- **Repairs and Renewals Fund** - The Leisure Centre programme has slipped and is recommended for roll forward;
- **Relocation of Council Depot** - A site has been identified and negotiations are continuing to purchase it. This is recommended for roll forward.

This expenditure was resourced as follows:

|                            | <b>2014-2015<br/>Outturn</b> | <b>2014-2015<br/>Revised<br/>Estimate</b> | <b>Variance</b> |
|----------------------------|------------------------------|---|-----------------|
|                            | <b>£'000</b>                 | <b>£'000</b>                              | <b>£'000</b>    |
| Disabled Facilities Grants | 168                          | 163                                       | -5              |
| Capital Receipts           | 301                          | 1,537                                     | 1,236           |
| Capital Grants             | 105                          | 100                                       | -5              |
| Revenue Funding            | 622                          | 794                                       | 172             |
| Repair and Renewals Fund   | -11                          | 196                                       | 207             |
| Usable Reserves            | 11                           | 17  | 6               |
|                            | <u>1,196</u>                 | <u>2,807</u>                              | <u>1,611</u>    |

#### **4. Amended Capital Programme 2015-2016**

- 4.1 Based on the outturn for 2014-2015, the original Programme for 2015-2016, and any other matters relevant, the amended Programme can be summarised as follows:

|  | <b>£'000</b> |
|--|--------------|
| Original Estimate: Capital Programme           | 2,302        |
| Original Estimate - Repair and Renewals Funds  | 107          |
| Plus: Commitments brought forward (Appendix B) | <u>1,548</u> |
|  | <u>3,957</u> |

- 4.2 This will be funded as follows:

|                            | <b>£'000</b> |
|----------------------------|--------------|
| Disabled Facilities Grants | 209          |
| Capital Grant              | 99           |
| Capital Receipts           | 1,459        |
| New Homes Bonus            | 720          |
| Revenue Funding            | 737          |
| Usable Reserves            | 595          |
| Capital Reserve            | 138          |
|                            | <u>3,957</u> |

#### **5. Capital Programme 2015-2020: Review of Available Resources**

- 5.1 The latest estimate of available resources is shown below:

|                                       | <b>£'000</b> |
|---------------------------------------|--------------|
| Capital Receipts:                     |              |
| Usable Receipts                       | 1,459        |
| Grants Receivable:                    |              |
| Government: Disabled Facilities Grant | 836          |
| Capital Grants and Contributions      | 99           |
| New Homes Bonus                       | 720          |
| Revenue Funding                       | 514          |
| Repair & Renewal Funding 2015-2016    | 286          |
| Other Usable Reserves                 | 435          |
| Capital Reserve                       | 403          |
|                                       | <u>4,752</u> |

- 5.2 The above excludes expected receipts. These are £650,000 and relate to general receipts and the remaining sales of Eden Business Park land. These are not included until the funding is actually received. This approach has proved sound in recent years.
- 5.3 Once the 2014-2015 Programme is funded (see above £3.957m), £795,000 of capital resources are left. This should be set against committed expenditure in 2016-2019, which totals £813,000 (as per programme agreed by Council on 19 February 2015). This leaves a deficit of resources of £18,000, though note the expected receipts at 5.2 above.
- 5.4 The Council has received notice that its allocation for Disabled Facilities Grants from central Government will be £209,000 in 2015-2016. Under new arrangements, the funding is issued to Cumbria County Council and 'passported' to the district councils. This is included in the programme funding. Latest information is that the County Council will forward this amount to Eden District Council. However, this is currently not guaranteed and negotiations are ongoing to ensure the Council continues to receive the funding. When this is resolved, Members will be advised of the outcome.

## **6. Policy Framework**

- 6.1 The Council has four corporate priorities which are:
- Decent Homes for All
  - Strong Economy, Rich Environment
  - Thriving Communities
  - Quality Council
- 6.2 The original Capital Programme, as agreed by Council as part of the estimates cycle, forms part of the Council's budgetary and policy framework.
- 6.3 The Council has prioritised capital schemes for several years.

## **7. Implications**

### **7.1 Legal**

- 7.1.1 There are no Legal implications.

### **7.2 Financial**

- 7.2.1 Any decision to reduce or increase resources must be made within the context of the Council's stated priorities, as set out in its Council Plan 2015-2019 as agreed at Council on 16 April 2015. These are explained in the body of the report.

### **7.3 Equality and Diversity**

- 7.3.1 The Council has to have regard to the elimination of unlawful discrimination and harassment and the promotion of equality under the Equality Act 2010 and related statutes.
- 7.3.2 There are no implications relating to this.

## **7.4 Environmental**

7.4.1 The Council has to have due regard to conserving biodiversity under the Natural Environment and Rural Communities Act 2006.

7.4.2 There are no implications arising from this report.

## **7.5 Crime and Disorder**

7.5.1 Under the Crime and Disorder Act 1998, the Council has to have regard to the need to reduce Crime and Disorder in exercising any of its functions.

7.5.2 There are no implications arising from this report.

## **7.6 Children**

7.6.1 Under the Children Act 2004, the Council has to have regard to the need to safeguard and promote the welfare of children in the exercise of any of its functions.

7.6.2 There are no implications arising from this report.

## **7.7 Risk Management Implications**

7.7.1 Risk Management is a process whereby attempts are made to identify, actively control and reduce risk to protect the Council. This covers not only the traditional areas of insurable risk, but also the organisational risk that the Council faces in undertaking all its activities.

7.7.2 As mentioned earlier, significant capital schemes are susceptible to slippage and overspend. The prioritisation already implemented and close capital monitoring already in place go some way to guarding against these risks.

7.7.3 If schemes are not undertaken, grants provided by third parties may be recovered. Again, this is managed by the regular monitoring of the Capital Programme.

7.7.4 There is a risk that anticipated capital receipts may not arise as forecast. It is therefore correct that such receipts are excluded from the calculation of available funding until realised.

7.7.5 There is a risk that the Council may lose its current level of funding for Disabled Facilities Grants. As stated at section 5.4, officers are negotiating with the County Council to ensure funding levels are maintained.

## **8. Conclusion**

8.1 The outturn for 2014-2015 is shown in summary, subject to audit, at Section 4 and Appendix A.

8.2 The amended Capital Programme for 2015-2016, as set out at Appendix C, is £3,957,000.

- 8.3 As a result of the creation of a capital reserve, the Council has sufficient resources to fund its committed capital programme. There are some £650,000 of capital receipts expected in the years 2016-2020, so these may be used to fund the programme and the balance not required from the reserve may be returned to revenue if the Council wishes to do so.

## **9. Reason for the Recommendations**

- 9.1 To allow the Council to effectively manage its Capital Programme by rolling forward unspent monies, where appropriate, and to ensure an accurate Programme is set for the year 2015-2016.

D J Rawsthorn  
Director of Finance

### **Governance Checks:**

|  |   |
|--|---|
| Checked by, or on behalf of, the Chief Finance Officer | ✓ |
| Checked by, or on behalf of, the Monitoring Officer    | ✓ |

### **Background Papers**

Statement of Accounts 2014-2015  
Approved Budget 2015-2016

## Details of Variances

|   | Estimate<br>Approved by<br>Council<br>19 February 2015<br>£'000 | Outturn<br>Subject<br>to Audit<br>2014-2015<br>£'000 | Variance<br>(- = overspend)<br>£'000 | Notes |
|---|---|--|--------------------------------------|-------|
| <b>Environment Portfolio</b>                |   |  |                                      |       |
| Yellow Dam, Threlkeld                       | 10  | 0  | 10                                   |       |
| Footway Lighting                            | 186   | 131  | 55                                   |       |
| Renewable Energy                            | 63  | 3  | 60                                   |       |
| <b>Total Environment Portfolio</b>          | <b>259</b>  | <b>134</b>   | <b>125</b>                           |       |
| <b>Planning and Economy Portfolio</b>       |   |  |                                      |       |
| Eden Business Park – Additional Access Road | 9   | 0  | 9                                    |       |
| Adoption of Hartness Road                   | 15  | 0  | 15                                   |       |
| Penrith Town Centre Regeneration            | 47  | 25   | 22                                   | 1     |
| Eden Business Support Fund                  | 250   | 250  | 0                                    |       |
| <b>Total Planning and Economy Portfolio</b> | <b>83</b>   | <b>275</b>   | <b>46</b>                            |       |
| <b>Housing Portfolio</b>                    |   |  |                                      |       |
| <b>Grants</b>                               |   |  |                                      |       |
| Mandatory                                   | 302   | 179  | 123                                  | 2     |
| Discretionary                               | 240   | 163  | 77                                   | 3     |
| <b>Total Housing Portfolio</b>              | <b>542</b>  | <b>542</b>   | <b>200</b>                           |       |
| <b>Communities Portfolio</b>                |   |  |                                      |       |
| Frenchfield Sports Complex                  | 8   | 8  | 0                                    |       |
| Penrith Leisure Centre                      | 50  | 28   | 22                                   |       |
| Penrith Leisure Centre Changing Facilities  | 180   | 179  | 1                                    |       |
| Castle Park Improvement                     | 10  | 0  | 10                                   |       |
| Castle Park Bowling Bower                   | 16  | 16   | 0                                    |       |
| Loan – Penrith Leisure Centre               | 55  | 0  | 55                                   | 4     |
| Purchase of Painting                        | 31  | 30   | 1                                    |       |
| <b>Total Communities Portfolio</b>          | <b>350</b>  | <b>261</b>   | <b>89</b>                            |       |
| <b>Resources Portfolio</b>                  |   |  |                                      |       |
| Penrith New Squares                         | 12  | 0  | 12                                   |       |
| Old London Road Depot                       | 0   | 3  | -3                                   |       |
| Banks Wood, Appleby                         | 20  | 1  | 19                                   |       |
| Depot Relocation                            | 806   | 0  | 806                                  | 5     |
| Land Assembly – Town Hall                   | 301   | 191  | 110                                  | 6     |
| <b>Total Resources Portfolio</b>            | <b>1,139</b>  | <b>195</b>   | <b>944</b>                           |       |
| <b>Repairs and Renewals Fund</b>            | 196   | -11  | 207                                  | 7     |
| <b>Grand Total</b>                          | <b>2,807</b>  | <b>609</b>   | <b>1,611</b>                         |       |

## Notes

1. Council agreed to make funding available to the Penrith Partnership from this scheme. The balance available was carried forward to 2014-2015. It was made clear that if not used in 2014-2015, it would be removed from the programme.
2. The underspend will be rolled forward to 2014-2015 to accommodate anticipated demand for DFGs.
3. Demand for discretionary grants remains low. Report CD7/15 approved a funding reduction to £160,000 in 2015-2016 to be reviewed annually.

4. The scheme has been delayed and is recommended for roll forward. It was agreed by Council in December 2014.
5. The Council is negotiating the purchase of a site to relocate its depot. It was hoped this would be resolved by 31 March 2015. It is therefore recommended for roll forward.
6. The unused funding will be rolled forward to 2015-2016, to conclude the scheme.
7. Unused funding will be rolled forward to 2015-2016.



**Capital Programme 2015-2016 - Commitments Brought Forward**

|   | <b>£'000</b> |
|---|--------------|
| <b>Environment Portfolio</b>                |              |
| Yellow Dam, Threlkeld                       | 10           |
| Footway Lighting                            | 55           |
| Renewable Energy                            | 60           |
|   | <hr/> 125    |
| <b>Planning and Economy Portfolio</b>       |              |
| Eden Business Park - Additional Access Road | 9            |
| Adoption of Hartness Road                   | 15           |
|   | <hr/> 24     |
| <b>Housing Portfolio</b>                    |              |
| Mandatory Renovation Grants                 | 123          |
| Discretionary Renovation Grants             | 75           |
|   | <hr/> 198    |
| <b>Communities Portfolio</b>                |              |
| Penrith Leisure Centre                      | 22           |
| Castle Park Improvement                     | 10           |
| Loan – Penrith Leisure Centre               | 55           |
|   | <hr/> 87     |
| <b>Resources</b>                            |              |
| Banks Wood, Appleby                         | 19           |
| Depot Relocation                            | 806          |
| Land Assembly – Town Hall                   | 110          |
|   | <hr/> 935    |
| <b>Repairs and Renewals Fund</b>            | <b>179</b>   |
| <b>Grand Total</b>                          | <b>1,548</b> |

**Summary of Capital Programme 2015-2016**

|                                | <b>2014-2015</b> |
|--------------------------------|------------------|
|                                | <b>£'000</b>     |
| Environment Portfolio          | 445              |
| Planning and Economy Portfolio | 261              |
| Housing Portfolio              | 1,858            |
| Communities Portfolio          | 97               |
| Resources Portfolio            | 1,010            |
|                                | <hr/>            |
|                                | 3,671            |
| Repairs and Renewals Fund      | 286              |
|                                | <hr/>            |
| <b>Total Capital Programme</b> | <b>3,957</b>     |

## Capital Programme 2015-2016

|   | <b>2015-2016<br/>£'000</b> |
|---|----------------------------|
| <b>Environment Portfolio</b>                |                            |
| Yellow Dam - Threlkeld                      | 10                         |
| Footway Lighting                            | 155                        |
| Renewable Energy                            | 280                        |
| <b>Total Environment Portfolio</b>          | <b>445</b>                 |
| <b>Planning and Economy Portfolio</b>       |                            |
| Eden Business Park - Phase 1                | 237                        |
| Eden Business Park - Additional Access Road | 9                          |
| Adoption of Hartness Road                   | 15                         |
| <b>Total Planning and Economy Portfolio</b> | <b>261</b>                 |
| <b>Housing Portfolio</b>                    |                            |
| <b>Grants</b>                               |                            |
| Mandatory Renovation Grants                 | 373                        |
| Discretionary Renovation Grants             | 235                        |
| West Lane, Penrith                          | 250                        |
| Affordable Housing Fund                     | 1,000                      |
| <b>Total Housing Portfolio</b>              | <b>1,858</b>               |
| <b>Communities Portfolio</b>                |                            |
| Penrith Leisure Centre                      | 22                         |
| Castle Park Improvement                     | 20                         |
| Loan – Penrith Leisure Centre               | 55                         |
| <b>Total Communities Portfolio</b>          | <b>97</b>                  |
| <b>Resources Portfolio</b>                  |                            |
| Banks Wood, Appleby                         | 94                         |
| Depot Relocation                            | 806                        |
| Land Assembly – Town Hall                   | 110                        |
| <b>Total Resources Portfolio</b>            | <b>1,010</b>               |
| <b>Repairs and Renewals Fund</b>            | <b>286</b>                 |
| <b>Grand Total</b>                          | <b>3,957</b>               |