

**Eden District Council**

**Executive**

**5 July 2016**

**Scrutiny Co-ordinating Board**

**15 September 2016**

**Council**

**14 July 2016**

**Capital Expenditure 2015-2016 Outturn and  
Revised 2016-2017 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 2015-2016, together with the means by which it was funded; and
- b. to present an amended Capital Programme for 2016-2017, to take account of a revision of projected resources and other factors affecting the Council's Capital Programme and the impact of the 2015-2016 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**

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| <ol style="list-style-type: none"><li>1 The outturn for 2015-2016, subject to audit, as set out in Appendix A, is noted;</li><li>2 The amended Programme for 2016-2017, as set out in Appendix C, is agreed;</li><li>3 Executive recommend to Council the carry forward of the unused revenue funding for capital in 2015-2016 to 2016-2017 as a supplementary estimate of £115,000 in 2016-2017;</li><li>4 No new schemes are included in the Programme, unless fully grant-funded, formally approved by Council, or emergency schemes.</li></ol> |
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### 3. Report Details

#### 3.1 Capital Outturn 2015-2016

Expenditure for the year, together with the revised budget figures and any resultant variances, is shown below.

Portfolio	2015-2016 Outturn	2015-2016 Revised Estimate	Variance
	£'000	£'000	£'000
Services	266	285	19
Economic Development	8	20	12
Housing and Health	377	743	366
Communities	49	97	48
Resources	26	149	123
Repairs and Renewal Fund	52	299	247
	778	1,593	815

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 2015-2016. The under spend on Mandatory (Disabled Facilities) Grants of £199,000 will be carried forward to 2016-2017. However, as part of this commitment, a review will be undertaken in to out turn and funding. The Council has been advised of its allocation from the Better Care Fund for 2016-2017, which is £373,000. Looking at recent years' out turns the Council's requirement for this level of funding is queried. As per agreed Council policy, the underspend on Discretionary Grants is not recommended for carry forward and a full review of this will be presented to Executive on 4 October 2016 reviewing spending in 2015-2016 and future demand;
- **Affordable Housing Innovation Fund** – The payment to Eden Housing Association of £135,000 for this due in 2015-2016 has slipped. It is recommended to roll this forward to 2016-2017 as the payment will be made imminently;
- **Banks Wood, Appleby** – the site was sold during 2015-2016 and the scheme has been deleted;
- **Town Hall Site (land assembly, demolition and car park construction)** – The land has been converted to a car park during and further work is required to finalise the scheme. Although at this stage all of the underspend is recommended for roll forward, the scheme will be reviewed and a more accurate assessment of need undertaken during the 2017-2018 budget process;
- **Repairs and Renewals Fund** – The Leisure Centre programme has slipped and is recommended for roll forward;

This expenditure was resourced as follows:

	<b>2015-2016 Outturn</b>	<b>2015-2016 Revised Estimate</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Disabled Facilities Grants	174	209	35
Capital Receipts	435	720	285
Capital Grants	2	99	97
Revenue Funding	115	230	115
Repair and Renewals Fund	52	299	247
Usable Reserves	0	36	36
	<u>778</u>	<u>1,593</u>	<u>815</u>

#### **4. Amended Capital Programme 2016-2017**

- 4.1 Based on the outturn for 2015-2016, the original Programme for 2016-2017, and any other matters relevant, the amended Programme can be summarised as follows:

	<b>£'000</b>
Original Estimate: Capital Programme	2,441
Original Estimate – Repair and Renewals Funds	70
Less: Schemes removed	-75
Plus: Commitments brought forward (Appendix B)	<u>773</u>
	<u>3,209</u>

- 4.2 This will be funded as follows:

	<b>£'000</b>
Disabled Facilities Grants	449
Capital Grant	99
Capital Receipts	1,026
New Homes Bonus	720
Revenue Funding	493
Usable Reserves	<u>422</u>
	<u>3,209</u>

#### **5. Capital Programme 2016-2021: Review of Available Resources**

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

	<b>£'000</b>
Capital Receipts:	
Usable Receipts	1,553
Grants Receivable:	
Government: Disabled Facilities Grant	1,253
Capital Grants and Contributions	99
New Homes Bonus	720
Revenue Funding	176
Repair & Renewal Funding 2016-2017	317
Other Usable Reserves	435
Capital Reserve	<u>403</u>
	<u>4,956</u>

- 5.2 The above excludes expected receipts. These are £580,000 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 2016-2017 Programme is funded (see above £3.209m), £1,747,000 of capital resources are left. This should be set against committed expenditure in 2017-2021, which totals £1,167,000. This leaves a surplus of resources of £580,000, plus the expected receipts at 5.2 above. This is an increased level of available resource because of the deletion of the Banks Wood, Appleby scheme, increased capital receipts and Disabled Facilities Grants funding being available.
- 5.4 The Council has received notice that its allocation for Disabled Facilities Grants from central Government will be £383,000 in 2016-2017. Under current 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 and previously unused 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 2015-2016 is shown in summary, subject to audit, at Section 4 and Appendix A.

8.2 The amended Capital Programme for 2016-2017, as set out at Appendix C, is £3,209,000.

- 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 £580,000 of capital receipts expected in the years 2017-2021, 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. This will be considered during the 2017-2018 budget setting process.

## **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 2016-2017.

C W Howey  
Acting 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 2015-2016  
Approved Budget 2016-2017

## Details of Variances

	Estimate Approved by Council 18 February 2016 £'000	Outturn Subject to Audit 2015-2016 £'000	Variance (- = overspend) £'000	Notes
<b>Services Portfolio</b>				
Yellow Dam, Threlkeld	10	10	0	
Footway Lighting	155	159	-4	
Renewable Energy	120	97	23	1
<b>Total Environment Portfolio</b>	<b>285</b>	<b>266</b>	<b>19</b>	
<b>Economic Development Portfolio</b>				
Eden Business Park – Additional Access Road	15	0	15	2
Eden Business Park – Phase 1	5	8	-3	
<b>Total Planning and Economy Portfolio</b>	<b>20</b>	<b>8</b>	<b>12</b>	
<b>Housing and Health Portfolio</b>				
<b>Grants</b>				
Affordable Housing Innovation Fund	135	0	135	3
Mandatory	373	174	199	4
Discretionary	235	203	32	
<b>Total Housing Portfolio</b>	<b>743</b>	<b>377</b>	<b>366</b>	
<b>Communities Portfolio</b>				
Penrith Leisure Centre	22	0	22	5
Castle Park Improvement	20	0	20	
Castle Park Bowling Bower	0	-4	4	
Loan – Penrith Leisure Centre	55	53	2	
<b>Total Communities Portfolio</b>	<b>97</b>	<b>49</b>	<b>48</b>	
<b>Resources Portfolio</b>				
Banks Wood, Appleby	19	8	11	6
Depot Refurbishment	20	0	20	7
Land Assembly – Town Hall	110	18	92	8
<b>Total Resources Portfolio</b>	<b>149</b>	<b>26</b>	<b>123</b>	
<b>Repairs and Renewals Fund</b>	299	52	247	
<b>Grand Total</b>	<b>1,593</b>	<b>778</b>	<b>815</b>	

## Notes

1. Photovoltaic panels have been placed on Penrith Leisure Centre. Officers have plans to further extend the scheme in 2016-2017. The unused funding is recommended for roll forward to 2016-2017.
2. It is expected this will be finalised in 2016-2017. The unused funding is recommended for roll forward.
3. The scheme relating to this has been completed. Legal matters are to be concluded after which the payment will be made in 2016-2017. It is therefore recommended for roll forward.
4. A higher level of funding is expected for DFG in 2016-2017. The 2015-2016 out turn and that of previous years would suggest this higher funding level may not be required. Alongside the annual review of discretionary grants, a review of DFGs will be undertaken during the 2017-2018 budget process.
5. Further roof defects have been identified at Penrith Leisure Centre following fitting of the panels referred to at note 1. The funding is recommended for roll forward to correct these in 2016-2017.
6. The Banks Wood site was sold during 2015-2016. The scheme will be deleted.
7. It is anticipated the depot refurbishment will commence during 2016-2017. The funding is therefore recommended for roll forward.
8. The land has been converted to a car park during and further work is required to finalise the scheme. Although at this stage all of the underspend is recommended for roll forward, the scheme will be reviewed and a more accurate assessment of need undertaken during the 2017-2018 budget process

**Capital Programme 2016-2017 - Commitments Brought Forward**

	<b>£'000</b>
<b>Environment Portfolio</b>	
Renewable Energy	23
	<hr/> 23
<b>Planning and Economy Portfolio</b>	
Eden Business Park – Additional Access Road	15
	<hr/> 15
<b>Housing Portfolio</b>	
Affordable Housing Innovation Fund	135
Mandatory Renovation Grants	199
	<hr/> 334
<b>Communities Portfolio</b>	
Penrith Leisure Centre	22
Castle Park Improvement	20
	<hr/> 42
<b>Resources</b>	
Depot Refurbishment	20
Land Assembly – Town Hall	92
	<hr/> 112
<b>Repairs and Renewals Fund</b>	<b>247</b>
<b>Grand Total</b>	<b>773</b>

**Summary of Capital Programme 2016-2017**

	<b>£'000</b>
Services Portfolio	123
Economic Development Portfolio	262
Housing and Health Portfolio	1,913
Communities Portfolio	42
Resources Portfolio	552
	<hr/> 2,892
Repairs and Renewals Fund	317
<b>Total Capital Programme</b>	<hr/> <b>3,209</b> <hr/>

## Capital Programme 2016-2017

	<b>2016-2017 £'000</b>
<b>Services Portfolio</b>	
Footway Lighting	100
Renewable Energy	23
<b>Total Environment Portfolio</b>	<b>123</b>
 <b>Economic Development Portfolio</b>	
Eden Business Park - Phase 1	247
Eden Business Park - Additional Access Road	15
<b>Total Planning and Economy Portfolio</b>	<b>262</b>
 <b>Housing and Health Portfolio</b>	
<b>Grants</b>	
Mandatory Renovation Grants	449
Discretionary Renovation Grants	204
West Lane, Penrith	250
Affordable Housing Fund	1,010
<b>Total Housing Portfolio</b>	<b>1,913</b>
 <b>Communities Portfolio</b>	
Penrith Leisure Centre	22
Castle Park Improvement	20
<b>Total Communities Portfolio</b>	<b>42</b>
 <b>Resources Portfolio</b>	
Depot Refurbishment	460
Land Assembly – Town Hall	92
<b>Total Resources Portfolio</b>	<b>552</b>
 <b>Repairs and Renewals Fund</b>	<b>317</b>
 <b>Grand Total</b>	 <b>3,209</b>