

Capital Monitoring Report 2022/23 – Quarter 3 (to 31 December 2022)

REPORT TO EXECUTIVE



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PORTFOLIO	Resources and Performance Management
REPORT AUTHOR	Amy Johnson
TEL NO	(01282) 475869
EMAIL	ajohnson@burnley.gov.uk

PURPOSE

1. To provide Members with an update on capital expenditure and the resources position along with highlighting any variances.

RECOMMENDATION

2. The Executive is asked to:
 - a. Recommend to Full Council, approval of net budget changes totalling a decrease of £18,513,011 giving a revised capital budget for 2022/23 totalling £20,225,741 as detailed in Appendix 1.
 - b. Recommend to Full Council, approval of the proposed financing of the revised capital budget totalling £20,225,741 as shown in Appendix 2.
 - c. Note the latest estimated year end position on capital receipts and contributions showing an assumed balance of £5,617,708 at 31 March 2023 as shown in Appendix 3.

REASONS FOR RECOMMENDATION

3. To effectively manage the 2022/23 capital programme.

SUMMARY OF KEY POINTS

4. Monitoring Information

On 23 February 2022 Full Council approved the 2022/23 original capital budget, totalling £37,791,441. Since February, several reports have been approved by the Executive, resulting in revising the 2022/23 capital budget to £38,738,753 (as at 30 November 2022 Executive).

This is the third of three in-year monitoring reports, and as such the appendices accompanying this report provide Members with the position as at 31 December 2022 on

expenditure, along with providing Members with an update on the progress of the individual schemes delivery.

5. Executive Summary

- a. **Expenditure monitoring – Appendix 1** provides a detailed breakdown of the revised capital budget, scheme by scheme, presented under each of the relevant service unit areas responsible for delivering the capital projects. It shows the recommended revised budget position and expenditure as at the end of December 2022. The expenditure to date is £11,509,721 which is 57% of the proposed revised budget.
- b. **Revised budget and financing elements – Appendix 2** shows the revised budget of £20,225,741, along with identifying the recommended financing elements on a scheme by scheme basis. This is a decrease of £18,513,011.
- c. **Council resources position – Appendix 3** shows the latest position on capital receipts, section 106 monies and third party contributions. As at the end of this round of budget monitoring the assumed level of surplus available local resources, after taking into account the 2022/23 capital commitments, totals £5,617,708.

The resources are reducing each financial year, to an estimated balance on general capital receipts of £1.777m by March 2023. This is due to reduced opportunities to realise capital receipts, as the estate reduces, which will require prioritisation of future capital schemes in line with available resources.

Please note, the general receipts position requires a number of properties to be sold before 31st March 2023, some of which are high risk (or the estimated balance will reduce).

We will monitor these sales throughout the year, and update through the cyclical monitoring reports. Should these receipts not be received, we will need to source alternative financing.

d. **Building Infrastructure Works**

Towneley Hall

The main contract for the refurbishment of the Hall has been tendered and work is scheduled to start early next year.

Town Hall

Structural repairs to the front of Burnley Town Hall have been completed in accordance with the specification of our specialist conservation structural engineer. All the scaffolding to the front has been removed and the final stonework repairs completed. Other than any minor snagging issues on repairs and redecoration to the railing's works are complete. Anti-bird fouling nets have been installed and, decoration of the main front entrance gates will be undertaken in the summer as part of repairs and maintenance generally.

Regarding the lightwell all structural works are complete however discussions are underway regarding increased costs for the external finishing. If these can be resolved satisfactorily the works will go ahead shortly, if not then they will be retendered.

Council Chamber

Specialist advice regarding the dry rot outbreak and the condition of the ornate plaster ceiling in the main Council Chamber has been obtained and further structural advice regarding some slight movement obtained. Works will commence shortly. Given the specialist works involved this is programmed to take 22 weeks to complete the works. The cost of the specialist work, including the scaffold hire, is £107,500. There is an underspend of £15,892 from the Town Hall stonework budget which will be used to part fund these works. The capital budget has been increased by £91,608 to cover the remaining cost.

Nicholas Street

Several outbreaks of dry rot have been stripped out and treated and the building continues to be monitored. A further dry rot infestation in the stairwell towards the Elizabeth end of the building has been identified is being treated as is the source of the damp which cause the same.

6. Revenue Implications

a. Revenue Contributions / Reserves 2022/23

The Capital Programme includes Revenue Contributions / Reserves of £1,855,207 being:

Scheme	Funded	£
Vehicle & Machinery Replacement	Transport Reserve	160,186
Vehicle & Machinery Replacement	Revenue	15,000
Refill Fountains	Revenue Support Reserve	5,000
Finsley Wharf & Canal Towpath Improvements	Revenue Support Reserve	34,000
Burnley/Pendle Growth Corridor	Growth Reserve	300,000
Building Infrastructure	Revenue Support Reserve	49,500
Worsthorne Recreation Ground Improvements	Revenue Support Reserve	22,381
Pioneer Place	Transformation Reserve	1,269,150
Total Revenue Contributions		1,855,207

b. Prudential Borrowing 2022/23

The MRP cost is the charge to revenue for the repayment of the principal amount borrowed based on the estimated life of the asset and is not incurred until the year after the schemes are completed.

The interest cost will be dependent on the timing of the borrowing and is subject to the interest rate at the time the borrowing is undertaken. The full year costs will be included within the revenue budget for 2022/23.

The original capital budget for 2022/23 of £37,791,441 included a planned borrowing requirement of £15,861,173.

The Outturn report dated 13 July 2022 seeks approval for slippage on borrowing of £688,904, revising the planned borrowing requirement to £16,550,077.

The Cycle 1 report dated 21 September 2022 also approved the planned borrowing requirement to £16,550,077.

The Cycle 2 report dated 30 November 2022 approved the planned borrowing requirement to £14,558,496.

Adjustments made in this report revises the planned borrowing requirement to £4,539,397 mainly due to the reprofiling of Pioneer Place & Town Centre & Weavers Triangle Project Work.

The revenue implications of borrowing £4,539,397 are a Minimum Revenue Provision (MRP) of £46k and an interest charge, assuming 3% on the borrowing, would equate to £136k for a full year.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

7. A decrease in the 2022/23 capital programme of £18,513,011 to give a revised budget of £20,225,741.

POLICY IMPLICATIONS

8. None arising directly from this report.

DETAILS OF CONSULTATION

9. None.

BACKGROUND PAPERS

10. None.

FURTHER INFORMATION

PLEASE CONTACT: **Amy Johnson – Finance Manager**