

Capital Monitoring Report 2018/19 – Quarter 2 (to 30 September 2018)

REPORT TO EXECUTIVE



DATE	7 November 2018
PORTFOLIO	Resources and Performance Management
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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 £1,574,244 giving a revised capital budget for 2018/19 totalling £10,106,544 as detailed in Appendix 1.
 - b. Recommend to Full Council, approval of the proposed financing of the revised capital budget totalling £10,106,544 as shown in Appendix 2.
 - c. Note the latest estimated year end position on capital receipts and contributions showing an assumed balance of £964,482 at 31 March 2019 as shown in Appendix 3.
 - d. Authorise the Head of Finance & Property to obtain and accept the most economically advantageous tenders for repairs to the Town Hall roof in consultation with the Chief Operating Officer and Executive Member for Resources & Performance Management and to authorise the Head of Legal & Democracy to give effect to all necessary documentation to implement the decision.
 - e. Waive Standing Orders for Contracts 18 (SOC18) to enable the successful tenderer to undertake the additional works required to the Town Hall roof due the recent theft of lead together with remedial dry rot works on the adjacent Mechanics roof. This is required to expedite the emergency repair works to the roof, to reduce the cross liability risk around having more than one contractor on the roof at any one time.

REASONS FOR RECOMMENDATION

3. To effectively manage the 2018/19 capital programme.
4. Approval of the Executive is required to obtain tenders for a scheme that is included in the Council's capital programme and which exceeds £100,000 contract value.

SUMMARY OF KEY POINTS

5. Monitoring Information

On 21 February 2018 Full Council approved the 2018/19 original capital budget, totalling £10,140,512. Since February, a number of reports have been approved by the Executive, resulting in revising the 2018/19 capital budget to £11,680,788 (as at 18 September 2018 Executive).

This is the second of three in-year monitoring reports, and as such the appendices accompanying this report provide Members with the position as at 30 September 2018 on expenditure, along with providing Members with an update on the progress of the individual schemes delivery.

6. 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 September 2018. The expenditure to date is £2,890,477 which is 29% of the proposed revised budget.
- b. **Revised budget and financing elements – Appendix 2** shows the revised budget of £10,106,544, along with identifying the recommended financing elements on a scheme by scheme basis.
- 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 2018/19 capital commitments, totals £964,482. The resources are reducing each financial year, to an estimated balance of less than £100k by March 2021. This is due to fewer opportunities to realise capital receipts, as the estate reduces, which will leave a lesser capital programme going forward.

7. Revenue Implications

a. Revenue Contributions 2018/19

The Capital Programme includes Revenue Contributions of £1,772,505, being:

Scheme	£
Thompson Park Restoration Project	215,731
Play Area Improvement Scheme	2,500
Vehicle and Machinery Replacement	119,069
Calder Park	2,000
Lower St James Street	400,000

Former Open Market & Former Cinema Block	297,197
Burnley-Pendle Growth Programme	200,000
Contribution to Shopping Centre Redevelopment	375,000
Padiham Town Hall – Flood Works	3,048
Building Infrastructure Works	157,960
Total Revenue Contributions	1,772,505

b. Prudential Borrowing 2018/19

The proposed revised capital budget for 2018/19 includes a use of Prudential Borrowing totalling £1,813,681.

The revenue implications of borrowing £1,813,681 are a Minimum Revenue Provision (MRP) of £46k and an interest charge, assuming 4% on the borrowing, would equate to £73k for a full year.

The original capital budget for 2018/19 of £10,140,512 included a planned borrowing requirement of £1,591,440. This has subsequently changed as schemes have slipped from 2017/18 into 2018/19.

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 2019/20 (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 2019/20.

8. The roof repairs at the Town Hall are a fixed-price, JCT Intermediate Building Contract 2016 through the government's 'Contract Finder' portal and online via the CHEST, with tenders assessed on the basis of the most economically advantageous.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

9. A decrease in the 2018/19 capital programme of £1,574,244 to give a revised budget of £10,106,544.

POLICY IMPLICATIONS

10. None arising directly from this report.

DETAILS OF CONSULTATION

11. None.

BACKGROUND PAPERS

12. None.

FURTHER INFORMATION

PLEASE CONTACT:

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ALSO:

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