

## Capital Monitoring Report 2018/19 – Quarter 3 (to 30 December 2018)

### REPORT TO EXECUTIVE



<b>DATE</b>	<b>11 February 2019</b>
<b>PORTFOLIO</b>	<b>Resources and Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Asad Mushtaq</b>
<b>TEL NO</b>	<b>(01282) 477173</b>
<b>EMAIL</b>	<b>amushtaq@burnley.gov.uk</b>

### 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 £2,503,339 giving a revised capital budget for 2018/19 totalling £7,823,205 as detailed in Appendix 1.
  - b. Recommend to Full Council, approval of the proposed financing of the revised capital budget totalling £7,823,205 as shown in Appendix 2.
  - c. Note the latest estimated year end position on capital receipts and contributions showing an assumed balance of £2,475,114 at 31 March 2019 as shown in Appendix 3.

### REASONS FOR RECOMMENDATION

3. To effectively manage the 2018/19 capital programme.

The budget decrease of £2,503,339 includes slippage of £2,598,055, per Appendix 1. The material reasons are changes to major schemes, such as:

- Prairie Artificial Pitch - £485,000 – Delay in Grant Application
- Lower St James Street - £400,000 – Procurement/Value Engineering
- Former Open Market & Former Cinema Block - £830,000 – Delay in Demolition

### SUMMARY OF KEY POINTS

#### 4. 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 £10,326,544 (as at 11 December 2018 Executive).

This is the final of three in-year monitoring reports, and as such the appendices accompanying this report provide Members with the position as at 30 December 2018 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 2018. The expenditure to date is £3,875,322 which is 50% of the proposed revised budget.
- b. **Revised budget and financing elements – Appendix 2** shows the revised budget of £7,823,205, 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 £2,475,114. The resources are reducing each financial year, to an estimated negative balance on general capital receipts by March 2021. This is due to reduced opportunities to realise capital receipts, as the estate reduces, which will leave a lesser capital programme going forward.

## 6. Revenue Implications

### a. Revenue Contributions 2018/19

The Capital Programme includes Revenue Contributions of £1,227,221, being:

Scheme	£
Thompson Park Restoration Project	230,447
Play Area Improvement Scheme	2,500
Vehicle and Machinery Replacement	159,069
Calder Park	2,000
Former Open Market & Former Cinema Block	297,197
Contribution to Shopping Centre Redevelopment	375,000
Padiham Town Hall – Flood Works	3,048
Building Infrastructure Works	157,960
<b>Total Revenue Contributions</b>	<b>1,227,221</b>

### b. Prudential Borrowing 2018/19

The proposed revised capital budget for 2018/19 includes a use of Prudential Borrowing totalling £895,179.

The revenue implications of borrowing £895,179 are a Minimum Revenue Provision (MRP) of £56k and an interest charge, assuming 4% on the borrowing, would equate to £36k 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.

#### **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

7. A decrease in the 2018/19 capital programme of £2,503,339 to give a revised budget of £7,823,205 and a decrease in the borrowing requirement, of £1,118,502 from Quarter 2 to Quarter 3, revising the total to £895,179.

#### **POLICY IMPLICATIONS**

8. None arising directly from this report.

#### **DETAILS OF CONSULTATION**

9. None

#### **BACKGROUND PAPERS**

10. None.

#### **FURTHER INFORMATION**

**PLEASE CONTACT:**

**Asad Mushtaq – Head of Finance & Property**

**ALSO**

**Martin Dixon – Finance Business Partner**