

REPORT TO EXECUTIVE



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| PORTFOLIO | Resources & Performance Management |
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CAPITAL BUDGET FOR 2017/18 AND 2017-20 CAPITAL INVESTMENT PROGRAMME

PURPOSE

1. To recommend approval of the capital budget for 2017/18

RECOMMENDATION

2. a) That Full Council be recommended to;
 - (i) Approve the 2017/18 Capital Budget, totalling £12,027,721, as set out in Appendix 1
 - (ii) Note the 2017/20 Capital Investment Programme as also set out in Appendix 1.
 - (iii) Note the estimated position on capital resources as set out in Appendix 2.
- b) That subject to 2a) i) above the Executive:
 - (i) Approve the release of capital scheme budgets including slippage from 2016/17, subject to compliance with the Financial Procedure Rules and that there will be full compliance with Standing Orders for Contracts.

REASONS FOR RECOMMENDATION

3. To establish a capital budget that reflects the Council's overall priorities and provides a framework for capital spending to be undertaken during 2017/18.

SUMMARY OF KEY POINTS

4. **Background:**

In formulating the 2017/18 Capital Programme, Management Team declared that new bids would be limited, given the forecast position of available Capital Resources. The existing schemes and new bids were prioritised in accordance with the Council's Strategic Objectives as identified within the Council's Strategic Plan.

5. **Capital Budget / Programme Review Process:**

Officers have been asked to submit information for inclusion in the proposed 2017/18 capital budget and the 2017/20 CIP.

The review process has included:

- A review and revision of the existing schemes approved in the 2016/19 CIP.
- Provision of a breakdown of the type of capital expenditure to be incurred for each scheme to assist in estimating the level of capitalised staff recharges involved in delivering capital works.
- A review of the level of Resources within the Council.

Any use of Prudential Borrowing must be based upon the creation of an asset, repayment over the useful life of the asset, and the production of a business case outlining any income generation and future revenue costs.

6. **2017/18 Capital Budget:**

Appendix 1 provides Members with a summary of the capital investment programme for 2017/18 to 2019/20 and a list of those schemes being proposed for the 2017/18 capital budget totalling £12.028m showing the financing elements for each individual scheme. It also shows draft capital budgets for 2018/19 and 2019/20 along with the financing elements for those years.

Members are asked to note the following factors whilst considering the list of schemes being proposed for 2017/18;

- The level of estimated capital receipts is sufficient to finance the £468,500 required for all the schemes put forward for 2017/18.
- The 5 new schemes proposed are:
 - Building Alteration Works
 - Towneley Hall Overspill Car Park
 - Leisure Centre Improvements
 - Lower St James Street
 - Towneley Hall Building Works

Appendix 4 gives a brief description of each scheme.

7. **Capital Resources:**

Appendix 2 provides Members with an analysis of the capital receipts and S106 / 3rd Party Contributions balances as follows;

- balances in hand as at the 1st April 2016
- 2016/17 commitments approved to date
- level of resources assumed to be available as at 31st March 2017
- estimated “new” receipts to be received during 2016/17 and 2017-20
- resources required to finance part of the 2017/18 proposed capital budget
- resources required to finance the schemes proposed for future years
- anticipated balance (surplus) as at 31st March 2020.

8. **Revenue Budget Implications:**

Capitalised Salaries

Members will be already aware that capitalised salaries are a major element in balancing the Council's revenue budget. The expected revenue income for staff time recharged against identified capital projects is £183k in 2017/18, as shown in Appendix 3.

Costs of Prudential Borrowing

Of the proposed £4.021m, there are three new schemes requiring additional borrowing of £630k by the Council. The estimated full year interest cost for the additional borrowing is £18k. This cost may not be required until 2018/19, dependant on the timing of the borrowing.

The additional Minimum Revenue Provision (notional debt repayment) charge for the £630k additional borrowing would be £19k, and would not be required until 2018/19.

Both are shown in Appendix 1

9. **2017-20 Capital Investment Programme:**

As previously stated, Appendix 1 outlines a summary of the proposed 2017/20 capital investment programme. These schemes are listed in priority order, in line with the approved methodology for ranking proposed capital scheme bids, reflecting the priorities of the Council's strategic objectives.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

10. As referred to in the body of the report.

POLICY IMPLICATIONS

11. The Capital programme gives authority for a number of policy decisions to be actioned in meeting the Council's corporate objectives.

DETAILS OF CONSULTATION

12. None.

BACKGROUND PAPERS

13. None.

**FURTHER INFORMATION
PLEASE CONTACT:**

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