

Capital Monitoring Report 2020/21 – Quarter 1 (to 30 June 2020)

REPORT TO EXECUTIVE



DATE	11 August 2020
PORTFOLIO	Resources and Performance Management
REPORT AUTHOR	Howard Hamilton Smith
TEL NO	(01282) 477173
EMAIL	<u>hhamilton-smith@burnley.gov.uk</u>

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 £1,758,987 giving a revised capital budget for 2020/21 totalling £19,115,145 as detailed in Appendix 1.
 - b. Recommend to Full Council, approval of the proposed financing of the revised capital budget totalling £19,115,145 as shown in Appendix 2.
 - c. Note the latest estimated year end position on capital receipts and contributions showing an assumed balance of £946,774 at 31 March 2021 as shown in Appendix 3.

REASONS FOR RECOMMENDATION

3. To effectively manage the 2020/21 capital programme.

SUMMARY OF KEY POINTS

4. Monitoring Information

On 26 February 2020 Full Council approved the 2020/21 original capital budget, totalling £19,468,103.

The Outturn report, also being presented to Executive on 11 August 2020 seeks approval for slippage of £1,437,104, and reverse slippage of £31,075, revising the capital budget to £20,874,132.

This is the first of three in-year monitoring reports, and as such the appendices accompanying this report provide Members with the position as at 30 June 2020 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 June 2020. The expenditure to date is £2,708,431 which is 14% of the proposed revised budget.
- b. **Revised budget and financing elements – Appendix 2** shows the revised budget of £19,115,145, along with identifying the recommended financing elements on a scheme by scheme basis. This is a reduction of £1,758,987.
- 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 2020/21 capital commitments, totals £946,774.

The resources are reducing each financial year, to an estimated balance on general capital receipts of £306k by March 2021. 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 2021 (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

Burnley Town Hall

All of the works to the roofs including the Clock Tower, enhanced lightning and edge protection have now been completed. This should secure the Town Hall against damage due to water penetration for many years to come.

Work is also well underway on renovating the water damaged plaster and decorations above the main staircase in the Town Hall and repairing the oak frames to the stained-glass windows on the rear elevation. Most of this work should be finished by the date of this report.

Earlier this year UK Restoration provided a report and cost estimate on the repairs to the stonework to the Town Hall which was shared with members in February 2020. As agreed an independent third-party specialist was then commissioned to review the scale and pricing of the works. Due to the impact of lock down the report was delayed but has now reported and is being evaluated in detail and will inform further actions in line with the directions agreed in February this year.

Towneley Hall

Consultant conservation architects have been appointed to advise in respect of the Hall and all of the physical inspections for the quinquennial survey have been completed with the necessary professional work for the final report ongoing.

A full measured survey of the site and photographic survey have been completed and these will be used in connection with future planning and prioritisation of works. Once the quinquennial report has been finalised this should give us the necessary detail to put a plan in place to ensure that any urgent issues are addressed and to ensure that the long term future of the Hall is secured.

6. Revenue Implications

a. Revenue Contributions / Reserves 2020/21

The Capital Programme includes Revenue Contributions / Reserves of £1,508,415 being:

Scheme	Funded	£
Vehicle & Machinery Replacement	Transport Reserve	103,674
Refill Fountains	Revenue	20,500
CCTV Infrastructure	Revenue	2,409
Pioneer Place	Growth Reserve	135,432
Burnley-Pendle Growth Programme	Growth Reserve	722,000
Lower St James Street Historic Action Zone	Growth Reserve	400,000
Finsley Wharf & Canal Towpath Improvements	Business Support Reserve	33,000
Building Infrastructure Works	Growth Reserve	81,400
Energy Efficiency	Revenue	10,000
Total Revenue Contributions		1,508,415

Pioneer Place costs are to fund pre contract costs.

b. Prudential Borrowing 2020/21

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 2020/21.

The original capital budget for 2020/21 of £19,468,103 included a planned borrowing requirement of £6,638,330.

The Outturn report dated 11 August 2020 seeks approval for slippage on borrowing of £610,647, revising the planned borrowing requirement to £7,248,977

A reduction of £155k borrowing has been highlighted in this Quarter 1 report:

- Reduction of £400k on the Town Centre & Weavers Triangle Project Work – Reprofiled into 2021/22
- Additional £30k on the Former Open Market & Former Cinema Block.
- Additional £100k reprofiled from 2021/22 for the Crematorium Roof

- Additional £115k on Building Infrastructure Works

This revises the borrowing, from £7,248,977, to £7,093,977.

The revenue implications of borrowing £7,093,977 are a Minimum Revenue Provision (MRP) of £51k and an interest charge, assuming 3% on the borrowing, would equate to £212k for a full year.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

7. A decrease in the 2020/21 capital programme of £1,758,987 to give a revised budget of £19,115,145 and a decrease in the borrowing requirement of £155,000, from £7,248,977 to £7,093,977.

POLICY IMPLICATIONS

8. None arising directly from this report.

DETAILS OF CONSULTATION

9. None.

BACKGROUND PAPERS

10. None.

FURTHER INFORMATION

PLEASE CONTACT:

Howard Hamilton Smith – Finance Manager

ALSO

Martin Dixon – Finance Business Partner