

Capital Monitoring Report 2020/21 – Quarter 3 (to 31 December 2020)

REPORT TO EXECUTIVE



DATE	15th February 2021
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 £2,902,750 giving a revised capital budget for 2020/21 totalling £14,476,665 as detailed in Appendix 1.
 - b. Recommend to Full Council, approval of the proposed financing of the revised capital budget totalling £14,476,665 as shown in Appendix 2.
 - c. Note the latest estimated year end position on capital receipts and contributions showing an assumed balance of £1,531,092 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. Since February, several reports have been approved by the Executive, resulting in revising the 2020/21 capital budget to £17,379,145 (as at 8 December 2020 Executive).

This is the last of three in-year monitoring reports, and as such the appendices accompanying this report provide Members with the position as at 31 December 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 December 2020. The expenditure to date is £8,991,816 which is 62% of the proposed revised budget.
- b. **Revised budget and financing elements – Appendix 2** shows the revised budget of £14,476,665, along with identifying the recommended financing elements on a scheme by scheme basis. This is a reduction of £2,902,750.
- 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 £1,531,092.

The resources are reducing each financial year, to an estimated balance on general capital receipts of £612k 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.

6. Revenue Implications

a. Revenue Contributions / Reserves 2020/21

The Capital Programme includes Revenue Contributions / Reserves of £1,405,560 being:

Scheme	Funded	£
Vehicle & Machinery Replacement	Transport Reserve & Revenue	159,128
Pioneer Place	Growth Reserve	135,432
Burnley-Pendle Growth Programme	Growth Reserve	722,000
Lower St James Street Historic Action Zone	Growth Reserve	215,000
Finsley Wharf & Canal Towpath Improvements	Business Support Reserve	33,000
Building Infrastructure Works	Growth Reserve & Crem Re-Align	131,000
Energy Efficiency	Revenue	10,000
Total Revenue Contributions		1,405,560

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 approved slippage funded from borrowing of £610,647, revising the planned borrowing requirement to £7,248,977

The Cycle 1 report dated 11 August 2020 approved a reduction of £155k on borrowing, revising the planned borrowing requirement to £7,093,977

This Cycle 2 report dated 8 December approved a reduction of £667,455 on borrowing, revising the planned borrowing requirement to £6,426,522

Within the Cycle 3 report, we have reverse slipped pre-approved borrowing for Sandygate Square totalling £378,373 from 2021/22, to 2020/21.

We have also reprofiled from 2020/21 to 2021/22, borrowing for Building Infrastructure (£1,008,686), Extension of Burnley Cemetery (£25k), Town Centre & Weavers Triangle Project Work (£100k) and Former Open Market & Former Cinema Block (£50k).

This revised the borrowing requirement to £5,621,209

The revenue implications of borrowing £5,621,209 are a Minimum Revenue Provision (MRP) of £115k and an interest charge, assuming 3% on the borrowing, would equate to £167k for a full year.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

7. A decrease in the 2020/21 capital programme of £2,902,750 to give a revised budget of £14,476,665 and a decrease in the borrowing requirement of £805,313, from £6,426,522 to £5,621,209.

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 – Head of Finance & Property

ALSO

Martin Dixon – Finance Business Partner