

**To note the current estimated year end capital budget position and to make
Capital Monitoring Report 2022/23 – Quarter 1 (to 30 June 2022)**

REPORT TO EXECUTIVE



| | |
|----------------------|---|
| DATE | 21 September 2022 |
| 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 an increase of £25,000 giving a revised capital budget for 2022/23 totalling £41,433,311 as detailed in Appendix 1.
 - b. Recommend to Full Council, approval of the proposed financing of the revised capital budget totalling £41,433,311 as shown in Appendix 2.
 - c. Note the latest estimated year end position on capital receipts and contributions showing an assumed balance of £1,783,763 at 31 March 2023 as shown in Appendix 3.

REASONS FOR RECOMMENDATION

3. To effectively manage the 2022/23 capital programme.

SUMMARY OF KEY POINTS

4. Monitoring Information

On 23 February 2022 Full Council approved the 2022/23 original capital budget, totalling £37,791,441.

The 2021/22 Outturn report, presented to Executive on 13 July 2022 seeks approval for slippage of £3,821,794, and reverse slippage of £204,924, revising the capital budget to £41,408,311.

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 2022 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 2022. The expenditure to date is £2,385,593 which is 6% of the proposed revised budget.
- b. **Revised budget and financing elements – Appendix 2** shows the revised budget of £41,433,311, along with identifying the recommended financing elements on a scheme by scheme basis. This is an increase of £25,000.
- 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 2022/23 capital commitments, totals £2,687,473.

The resources are reducing each financial year, to an estimated balance on general capital receipts of £1.784m by March 2023. 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 2023, some of which are high risk (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

Towneley Hall

The main contract for the refurbishment of the Hall has been tendered and work is scheduled to start later this year.

Town Hall

Burnley Town Hall works had been halted temporarily due to a structural issue above the main entrance. A specialist conservation structural engineer was appointed and the works have now been completed. The final stonework repairs have commenced and are due to be completed in November.

An outbreak of dry rot has been identified in the Council Chamber. Due to detailed plasterwork in the vaulted ceiling a specialist has been commissioned to assess the work repair required. Structural issues within the roof space have been identified and we are awaiting a report from the structural engineer on the extent of any works required. Given the specialist nature of the works required it will take some time to undertake the necessary repairs. Any update on timelines and costs will be reported once they are known.

Nicholas Street

Outbreaks of dry rot have been stripped out and treated and the building continues to

be monitored.

6. Revenue Implications

a. Revenue Contributions / Reserves 2022/23

The Capital Programme includes Revenue Contributions / Reserves of £898,686 being:

| Scheme | Funded | £ |
|---|------------------------------------|----------------|
| Vehicle & Machinery Replacement | Transport Reserve | 160,186 |
| Vehicle & Machinery Replacement | Revenue | 15,000 |
| Refill Fountains | Pension Reserve | 5,000 |
| Lower St James Street Historic Action Zone | Growth Reserve | 185,000 |
| Finsley Wharf & Canal Towpath Improvements | Revenue Support Reserve | 34,000 |
| Burnley/Pendle Growth Corridor | Growth Reserve | 300,000 |
| Building Infrastructure | Revenue Support Reserve | 49,500 |
| Audio & Visual Upgrade to Facilitate On-line Meetings | Covid-19 Recovery Reserve | 100,000 |
| Charter Walk Property Maintenance | Charter Walk Refurbishment Reserve | 50,000 |
| Total Revenue Contributions | | 898,686 |

b. Prudential Borrowing 2022/23

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 2022/23.

The original capital budget for 2022/23 of £37,791,441 included a planned borrowing requirement of £15,861,173.

The Outturn report dated 13 July 2022 seeks approval for slippage on borrowing of £688,904, revising the planned borrowing requirement to £16,550,077.

The revenue implications of borrowing £16,550,077 are a Minimum Revenue Provision (MRP) of £84k and an interest charge, assuming 3% on the borrowing, would equate to £497k for a full year.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

7. An increase in the 2022/23 capital programme of £25,000 to give a revised budget of £41,433,311.

POLICY IMPLICATIONS

8. None arising directly from this report.

DETAILS OF CONSULTATION

9. None.

BACKGROUND PAPERS

10. None.

FURTHER INFORMATION

PLEASE CONTACT:

Adil Ahmed – Principal Accountant