

## Capital Monitoring Report 2022/23 – Quarter 2 (to 30 September 2022)

### REPORT TO EXECUTIVE



<b>DATE</b>	<b>30 November 2022</b>
<b>PORTFOLIO</b>	<b>Resources and Performance Management</b>
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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 a decrease of £2,694,558 giving a revised capital budget for 2022/23 totalling £38,738,753 as detailed in Appendix 1.
  - b. Recommend to Full Council, approval of the proposed financing of the revised capital budget totalling £38,738,753 as shown in Appendix 2.
  - c. Note the latest estimated year end position on capital receipts and contributions showing an assumed balance of £2,001,897 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. Since February, several reports have been approved by the Executive, resulting in revising the 2022/23 capital budget to £41,433,311 (as at 21 September 2022 Executive).

This is the second of three in-year monitoring reports, and as such the appendices accompanying this report provide Members with the position as at 30 September 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 September 2022. The expenditure to date is £6,472,531 which is 17% of the proposed revised budget.
- b. **Revised budget and financing elements – Appendix 2** shows the revised budget of £38,738,753, along with identifying the recommended financing elements on a scheme by scheme basis. This is a decrease of £2,694,558.
- 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 £3,741,860.

The resources are reducing each financial year, to an estimated balance on general capital receipts of £2.002m 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 31<sup>st</sup> 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 early next year.

#### Town Hall

Structural repairs to the front of Burnley Town Hall have been completed in accordance with the specification of our specialist conservation structural engineer. Most of the scaffolding to the left hand side of the Town Hall entrance has been removed and the final stonework repairs are progressing well and should be completed during November. Following this the inner light well works will be progressed. Specialist advice regarding the dry rot outbreak and the condition of the ornate plaster ceiling in the main Council Chamber has been obtained and further structural advice regarding some slight movement issues has been commissioned. Once this has been finalised these works will be completed as soon as possible, given the specialist works involved this will take a number of months.

## 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 £921,067 being:

Scheme	Funded	£
Vehicle & Machinery Replacement	Transport Reserve	160,186
Vehicle & Machinery Replacement	Revenue	15,000
Refill Fountains	Revenue Support 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
Worsthorne Recreation Ground Improvements	Revenue Support Reserve	22,381
<b>Total Revenue Contributions</b>		<b>921,067</b>

#### 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 Cycle 1 report dated 21 September 2022 also approved the planned borrowing requirement to £16,550,077.

Within the Cycle 2 report, we have reprofiled the Towneley Hall works scheme, reducing the borrowing requirement for the year by £1.992m.

This revises the Borrowing to £14,558,496.

The revenue implications of borrowing £14,558,496 are a Minimum Revenue Provision (MRP) of £68k and an interest charge, assuming 3% on the borrowing, would equate to £437k for a full year.

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

7. A decrease in the 2022/23 capital programme of £2,694,558 to give a revised budget of £38,738,753.

#### **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**