

REPORT TO THE EXECUTIVE



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PORTFOLIO	Resources & Performance Management
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Capital Budget Monitoring Report 2017/18 Cycle 2 (to 30th September 2017)

PURPOSE

- 1 To provide Members with an update on capital expenditure and resources position along with highlighting any variances.

RECOMMENDATION

- 2 The Executive is asked to:
 - Recommend to Full Council, approval of net budget changes totalling a reduction of £240,509 giving a revised capital budget for 2017/18 totalling £15,348,708 as detailed in Appendix 1.
 - Recommend to Full Council, approval of the proposed financing of the revised capital budget totalling £15,348,708 as shown in Appendix 2.
 - Note the latest estimated year end position on capital receipts and contributions showing an assumed balance of £2,097,875 at 31st March 2018, in Appendix 3.

REASONS FOR RECOMMENDATION

- 3 To effectively manage the 2017/18 capital programme.

SUMMARY OF KEY POINTS

2017/18 CAPITAL PROGRAMME:4 **MONITORING INFORMATION:**

On the 22nd February 2017 Full Council approved the 2017/18 original capital budget, totalling £12,027,721. Since February, a number of reports have been approved by the Executive, resulting in revising the 2017/18 capital budget to £15,589,217 [as at the 19th September 2017 Executive Meeting].

This is the second round of in-year cyclical monitoring, and as such the appendices accompanying this report provide Members with the position as at 30th September 2017 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 2017. The expenditure to date is £5,338,175 which is 35% of the proposed revised budget.
- b) Revised Budget and Financing Elements - Appendix 2 shows the revised budget of £15,348,708 along with identifying the recommended financing elements on a scheme by scheme basis.
- c) Council Resources Position - Appendix 3 shows the latest position on capital receipts, section 106 monies and 3rd 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 2017/18 capital commitments, totals £2,097,875.

6 **REVENUE IMPLICATIONS**

Revenue Contributions 2017/18

The Capital Programme includes Revenue Contributions totalling £3,150,118, being:

Scheme Name	£
Thompson Park Restoration Project	185,381
Vehicle & Machinery Replacement	113,138
Lower St James Street	400,000
Chewing Gum Removal Machine	40,000
Vision Park	307,000
Former Open Market and Former Cinema Block	477,480
Land at Grove Lane; NW Burnley Growth Corridor	986,855
Padiham Town Hall - Flood Works	202,945
Building Alteration Works	3,107
Contribution to Shopping Centre Redevelopment	375,000
Padiham LC Gym Equipment	59,212
Total Revenue Contributions	3,150,118

Prudential Borrowing 2017/18

The proposed revised capital budget for 2017/18 includes a use of Prudential Borrowing totalling £3,897,670.

The revenue implications of borrowing £3,897,670 are a Minimum Revenue Provision [MRP] of £132k and an interest charge, assuming 3% on the borrowing would equate to £117k for a full year.

The original capital budget for 2017/18 of £12,072,721 included a planned borrowing requirement of £4,021,087. This has subsequently changed as schemes have slipped

from 2016/17 into 2017/18 and other schemes are now slipping from 2017/18 to 2018/19 such as the £416k extension of Burnley cemetery which is funded from borrowing. This has resulted in revenue savings in 2017/18 of £19k in interest payments and £20k MRP.

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 2018/19 (the year after the schemes are completed). The interest cost will be dependent on the timing of the borrowing and are subject to the interest rate applicable at the time of borrowing being undertaken. The full year costs will be included within the revenue budget for 2018/19.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

- 7 A reduction in the 2017/18 capital programme of £240,509 to give a revised budget of £15,348,708 and a reduction in the borrowing requirement of £123,417.
This results in:
MRP charge saving of £20k.
Interest cost saving of £19k.

POLICY IMPLICATIONS

- 8 None arise directly from this report.

DETAILS OF CONSULTATION

- 9 None.

BACKGROUND PAPERS

- 10 None.

FURTHER INFORMATION

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