

REPORT TO EXECUTIVE



DATE	12 th February 2018
PORTFOLIO	Resources & Performance Management
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**CAPITAL BUDGET FOR 2018/19 AND
2018-21 CAPITAL INVESTMENT PROGRAMME**

PURPOSE

1. To recommend approval of the capital budget for 2018/19

RECOMMENDATION

2. a) That Full Council be recommended to;
 - (i) Approve the 2018/19 Capital Budget, totalling £10,140,512, as set out in Appendix 1
 - (ii) Note the 2018-21 Capital Investment Programme as also set out in Appendix 1.
 - (iii) Note the estimated position on capital resources as set out in Appendix 2.
 - (iv) Discuss the Priority of Schemes/Resources within the 2018-21 Capital Investment Programme
- b) That subject to 2a) i) above the Executive:
 - (i) Approve the release of capital scheme budgets including slippage from 2017/18, subject to compliance with the Financial Procedure Rules and that there will be full compliance with Standing Orders for Contracts.

REASONS FOR RECOMMENDATION

3. To establish a capital budget that reflects the Council's overall priorities and provides a framework for capital spending to be undertaken during 2018/19.

SUMMARY OF KEY POINTS

4. **Background:**

In formulating the 2018/19 Capital Programme, Management Team declared that new bids would be limited, given the forecast position of available Capital Resources. The existing schemes and new bids were prioritised in accordance with the Council's

Strategic Objectives as identified within the Council's Strategic Plan.

5. **Capital Budget / Programme Review Process:**

Officers have been asked to submit information for inclusion in the proposed 2018/19 capital budget and the 2018-21 CIP.

The review process has included:

- A review and revision of the existing schemes approved in the 2017-20 CIP, in February 2017.
- Provision of a breakdown of the type of capital expenditure to be incurred for each scheme to assist in estimating the level of capitalised staff recharges involved in delivering capital works.
- A review of the level of Resources within the Council.

Any use of Prudential Borrowing must be based upon the creation of an asset, repayment over the useful life of the asset, and the production of a business case outlining any income generation and future revenue costs.

6. **2018/19 Capital Budget:**

Appendix 1 provides Members with a summary of the capital investment programme for 2018/19 to 2020/21 and a list of those schemes being proposed for the 2018/19 capital budget totalling £10.140m showing the financing elements for each individual scheme. It also shows draft capital budgets for 2019/20 and 2020/21 along with the financing elements for those years.

Members are asked to note the following factors whilst considering the list of schemes being proposed for 2018/19;

- The level of estimated capital receipts is sufficient to finance the £921,152 required for all the schemes put forward for 2018/19.
- The 5 new schemes proposed are:
 - Prairie Artificial Turf Pitch
 - Play Area Improvement Scheme
 - Rationalisation of Operational Estate
 - NW Burnley Growth Corridor (prev. named Flood Relief Works)
 - Town Centre & Weavers Triangle Project Work
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Appendix 4 gives a brief description of each scheme.

Rationalisation of Operational Estate

The Council's Lease of the Contact Centre expires in December 2019. The Council is actively pursuing to rationalise its operational estate so that efficiency savings (c£160k per annum) can be delivered. To facilitate this, existing buildings will need to be adapted to achieve those savings.

7. **Capital Resources:**

Appendix 2 provides Members with an analysis of the capital receipts and S106 / 3rd Party Contributions balances as follows;

- balances in hand as at the 1st April 2017
- 2017/18 commitments approved to date
- level of resources assumed to be available as at 31st March 2018
- estimated “new” receipts to be received during 2017/18 and 2018-21
- resources required to finance part of the 2018/19 proposed capital budget
- resources required to finance the schemes proposed for future years
- anticipated balance as at 31st March 2021.

8. **Revenue Budget Implications:**

Capitalised Salaries

Members will be already aware that capitalised salaries are a major element in balancing the Council’s revenue budget. The expected revenue income for staff time recharged against identified capital projects is £191k in 2018/19, as shown in Appendix 3.

Costs of Prudential Borrowing

Of the proposed £1,591,440 prudential borrowing requirement for 2018/19, there are 2 new schemes requiring additional borrowing of £340,000 by the Council. The estimated full year interest cost for the additional borrowing is £10k. This cost may not be required until 2019/20, dependant on the timing of the borrowing.

The additional Minimum Revenue Provision (notional debt repayment) charge for the £340,000 additional borrowing would be £14k, and would not be required until 2019/20.

Details of the new schemes and prudential borrowing requirements are shown in Appendix 1.

9. **2018-21 Capital Investment Programme:**

As previously stated, Appendix 1 outlines a summary of the proposed 2018-21 capital investment programme. These schemes are listed in priority order, in line with the approved methodology for ranking proposed capital scheme bids, reflecting the priorities of the Council’s strategic objectives.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

10. As referred to in the body of the report.

POLICY IMPLICATIONS

11. The Capital programme gives authority for a number of policy decisions to be actioned in meeting the Council’s corporate objectives.

DETAILS OF CONSULTATION

12. None.

BACKGROUND PAPERS

13. None.

**FURTHER INFORMATION
PLEASE CONTACT:**

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