

## Capital Monitoring Report 2018/19 – Quarter 1 (to 30 June 2018)

### REPORT TO EXECUTIVE



<b>DATE</b>	<b>14 August 2018</b>
<b>PORTFOLIO</b>	<b>Resources and Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Howard Hamilton-Smith</b>
<b>TEL NO</b>	<b>(01282) 475869</b>
<b>EMAIL</b>	<b>Hhamilton-smith@burnley.gov.uk</b>

### 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 £229,857 giving a revised capital budget for 2018/19 totalling £11,680,788 as detailed in Appendix 1.
  - b. Recommend to Full Council, approval of the proposed financing of the revised capital budget totalling £11,680,788 as shown in Appendix 2.
  - c. Note the latest estimated year end position on capital receipts and contributions showing an assumed balance of £1,011,557 at 31 March 2019, in Appendix 3.
  - d. Recommend to Full Council, approval of a new Capital Scheme for the Calder Park, totalling £10,132, funded from 3<sup>rd</sup> Party Contributions and Revenue Contributions.
  - e. Recommend to Full Council, approval of a new Capital Scheme for the Stoops Wheeled Sport at Hargher Clough Park, totalling £134,000, funded from Capital Grants, Capital Receipts and 3<sup>rd</sup> Party Contributions.
  - f. Recommend to Full Council, approval of the transfer of the Burnley-Pendle Growth Programme from revenue to the capital programme, totalling £200k, funded from the Growth Reserve.

### REASONS FOR RECOMMENDATION

3. To effectively manage the 2018/19 capital programme.

### SUMMARY OF KEY POINTS

#### 4. Monitoring Information

On 21 February 2018 Full Council approved the 2018/19 original capital budget, totalling £10,140,512. Since February, a number of reports have been approved by the Executive, resulting in revising the 2018/19 capital budget to £11,450,931 (as at 3 July 2018 Executive).

This is the first of three of in-year monitoring reports, and as such the appendices accompanying this report provide Members with the position as at 30 June 2018 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 2018. The expenditure to date is £1,636,975 which is 14% of the proposed revised budget.
- b. **Revised budget and financing elements – Appendix 2** shows the revised budget of £11,680,788, 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 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 2018/19 capital commitments, totals £1,011,557.

#### 6. Revenue Implications

##### a. Revenue Contributions 2018/19

The Capital Programme includes Revenue Contributions of £1,734,807, being:

Scheme	£
Thompson Park Restoration Project	178,033
Play Area Improvement Scheme	2,500
Vehicle and Machinery Replacement	119,069
Calder Park	2,000
Lower St James Street	400,000
Former Open Market & Former Cinema Block	297,197
Burnley-Pendle Growth Programme	200,000
Contribution to Shopping Centre Redevelopment	375,000
Padiham Town Hall – Flood Works	3,048
Building Infrastructure Works	157,960
<b>Total Revenue Contributions</b>	<b>1,734,807</b>

##### b. Prudential Borrowing 2018/19

The proposed revised capital budget for 2018/19 includes a use of Prudential Borrowing totalling £1,813,681.

The revenue implications of borrowing £1,813,681 are a Minimum Revenue Provision (MRP) of £46k and an interest charge, assuming 4% on the borrowing would equate to £72k for a full year.

The original capital budget for 2018/19 of £10,140,512 included a planned borrowing requirement of £1,591,440. This has subsequently changed as schemes have slipped from 2017/18 into 2018/19.

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 2019/20 (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 2019/20.

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

7. An increase in the 2018/19 capital programme of £229,857 to give a revised budget of £11,680,788 and no change in the borrowing requirement, which remains at £1,813,681.

#### **POLICY IMPLICATIONS**

8. None arising directly from this report.

#### **DETAILS OF CONSULTATION**

9. Management Team

#### **BACKGROUND PAPERS**

10. None

#### **FURTHER INFORMATION**

**PLEASE CONTACT:**

**Howard Hamilton-Smith – Finance Manager**

**ALSO:**

**Asad Mushtaq – Head of Finance & Property**