

**BRECKLAND COUNCIL**PROFORMA FOR BUSINESS IMPROVEMENT SUB-COMMITTEE APPROVAL OF THE  
RELEASE OF RESOURCES  
(CAPITAL BUDGET)

FROM: Margaret Bailey (Senior Accountant – Capital and Treasury)

THIS PROFORMA PROVIDES THE FINANCIAL IMPLICATIONS  
IN RESPECT OF THE ATTACHEDREPORT: **Street Lighting**REPORT DATE: **24-5-11**

	£ Year 1 2011/12	£ Year 2 2012/13	£ Year 3 2013/14	£ Year 4 2014/15	£ Year 5 2015/16
<b>Capital</b>					
Purchase price	399,600	200,400	200,400	192,000	
<b>Total Capital</b>	<b>399,600</b>	<b>200,400</b>	<b>200,400</b>	<b>192,000</b>	
<b>Revenue</b>					
Lost Interest (included in current budget)					
<b>Total revenue</b>					
<b>Total Capital + Revenue</b>	<b>399,600</b>	<b>200,400</b>	<b>200,400</b>	<b>192,000</b>	

**Funding required:**

Total capital cost £992,400

**Considered by:**

BISC

**Date:**

24-5-2011

Revenue cost Lost  
interest  
(included  
in current  
budget)**Financial Services Comments**

This report requests release of £1m. There is currently £1m in the capital programme earmarked for Street lighting; £400,000 in 2011/12 and a further £200,000 per annum in the following three yrs. Street lighting columns have not previously been identified as assets on the Council's asset register but as significant spend is taking place on new columns, these will be added to the register as spend occurs and will be subject to depreciation over 25yrs.

In terms of options, the option to enter the NCC PFI has passed and as Street Lighting has been identified as a risk due to the condition of columns, do nothing is not an option. This proposal allows for replacement of 827 of the 2,239 columns. The condition survey is a revenue cost and will determine the exact number of steel columns that will need replacing. Should all the steel columns need replacing a further £1.7m budget would be required. There is no provision for this additional spend and when releasing the initial funding of £992,400 BISC should recognise the risk that a further £1.7m may be required to complete the project. This additional budget would need full Council approval as it is outside the current capital programme and this risk should be recognised.

This PB is valid for 3 months from PB date	If this PB is not longer required please advise Finance	If there are changes to the original report it may invalidate this document, it must be reviewed by Finance.
13/05/2011	Page 1 of 2	D:\modemgov\data\published\Intranet\C0000132\M00002619\AI00013303\p4rws0pk.doc

Because this project requires significant investment it is important that milestones for progress, project end reports and post project reviews are approved up front. If Members approve release of funding, they may wish to consider approving the following reporting requirements:

- Six monthly reporting on progress to BISC
- Project end report 2014/15 (exact date to be agreed)
- Post project review within 3 months of project end report

Capital expenditure and the Capital Financing requirement (CFR) (the underlying need to borrow) are prudential Indicators. This expenditure does not affect the Council's underlying need to borrow and the CFR is still expected to be negative (no need to borrow) in 2014/15.

No efficiency savings are proposed in respect of this release of funding.

**Financial Risks**

There is a risk that further funding of up to £1.7m is required to complete this programme of works. The requirement for further spend should be quantified as soon as possible.

NCC currently undertake emergency reactive maintenance and there is no formal maintenance contract. NCC are currently procuring a new maintenance contract so the costs of maintenance which is recharged to the Town Council's is not fully quantified. Page 9 of the PID explains the current position on maintenance.

This PB is valid for 3 months from PB date	If this PB is not longer required please advise Finance	If there are changes to the original report it may invalidate this document, it must be reviewed by Finance.
13/05/2011	Page 2 of 2	D:\moderngov\data\published\Intranet\C00000132\M00002619\AI00013303\p4rws0pk.doc