

## BRECKLAND COUNCIL FINANCIAL COMMENTS &amp; APPRAISAL

THIS DOCUMENT PROVIDES THE FINANCIAL IMPLICATIONS  
IN RESPECT OF THE ATTACHED REPORT

**FROM:** Margaret Bailey (Senior Accountant)  
**REPORT:** Snetterton Electricity Power Upgrade Option  
**REPORT DATE:** 19 January 2017

|                                      | £ Year 1<br>2016-17 | £ Year 2<br>2017-18 | £ Year 3<br>2018-19 | £ Year 4<br>2019-20 |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Revenue</b>                       |                     |                     |                     |                     |
| <b>Income</b>                        |                     |                     |                     |                     |
| N/A                                  | (-)                 | (-)                 | (-)                 | (-)                 |
| <b>Costs</b>                         |                     |                     |                     |                     |
| N/A                                  | -                   | -                   | -                   | -                   |
| <b>Total Revenue</b>                 | -                   | -                   | -                   | -                   |
| <b>Capital</b>                       |                     |                     |                     |                     |
| <b>Income</b>                        |                     |                     |                     |                     |
| LEP Grant funding                    | (860,000)           | (1,150,000)         | (290,000)           | (-)                 |
| <b>Costs</b>                         |                     |                     |                     |                     |
| Snetterton Electricity Power Upgrade | 860,000             | 1,150,000           | 290,000             | -                   |
| <b>Total Capital</b>                 | -                   | -                   | -                   | -                   |
| <b>Considered By:</b>                | Full Council        |                     |                     |                     |
| <b>Date:</b>                         | 19-01-17            |                     |                     |                     |

**Financial Services Comments**

The report requests approval to accept a grant of £2.3m to 100% fund the electricity upgrade in Snetterton. The £2.3m includes a contingency allowance and an allowance for provision of an external technical project management. This external resource will need to be managed internally and resource for this (alongside other projects) is being sought as part of a separate report.

The full terms of the grant funding are still under negotiation, but there is likely to be a requirement for Breckland to cash flow the project, i.e. undertake the spend before claiming the grant funding. Based on the levels of spend proposed in the table, this is manageable within the current medium term plan and the lost interest would be negligible at current rates.

The Moving Forward transformation programme includes targets for economic and housing growth within the region, this project would act as an enabler for the Council to achieve an ongoing return in future years from additional business rates income, council tax and new homes bonus.

If approval is given the £2.3m costs and income will be added to the Council's capital programme and the project will be monitored through the Covalent system. Any of the £860k budget un-spent in 2016-17 will be carried forward to the 2017-18 capital programme.

When signing the grant contract CEO and Leader should satisfy themselves that there is sufficient certainty and/or mitigations in place in respect of the identified risks, in particular that the scope of the project and grant conditions. This will ensure that overspends are managed and the risk of not being reimbursed is minimised.

This appraisal is valid for 1 month from issue date

If there are changes to the original report it may invalidate this document & must be reviewed by Finance.

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**Financial Risk**

There is no additional funding within Breckland's capital programme, so if the project costs were to over-run, Breckland may be required to invest capital into the project.

If the power upgrade is not undertaken, the efficiencies included in the Moving Forward programme could be adversely impacted.

The private sector investment is not guaranteed

The intention is for the substation to be owned by the power company, meaning there should be no ongoing maintenance or business rates costs for the council

Funding for Internal project management is not yet released

|   |             |  |
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