

Agenda item:

Item 41 on agenda

Meeting: Shoreham Airport Joint Committee

Date: 26 March 2004

Report of: Airport Manager

Subject: Forecast Capital Outturn 2003/04

Wards affected: None

1 Purpose of the report

1.1 The purpose of this report is to inform Members of the expected outturn for the Airport capital programme for 2003/04.

2 Recommendations

2.1 To note the changes in schemes as set out in appendix 1 of this report

2.2 To approve the application to the Department for Transport (DfT) for a Supplementary Credit Approval of £82,000.

2.3 To recommend to the two owning authorities these changes after notification of acceptance has been received from DfT.

3 Information/Background

3.1 In January 2004, Members considered the Airport capital programme for 2003 to 2008 and agreed a capital budget of £320,000 for 2003/04.

3.2 An opportunity has arisen to capitalise £82,000 expenditure on health and safety works which would have been charged to revenue. The ability to capitalise this expenditure follows a Department for Transport (DfT) notification that it has surplus supplementary credit (or borrowing) approvals (SCA) available in 2003/04 for airports. This would allow us to borrow an extra £82,000 on top of the existing approval of £320,000. This is the last year of SCAs because from 2004/05 the Airport and all local authorities will be subject to the prudential code for capital finance in local authorities. Under the code, borrowing limits will not be set by the

government, but capital programmes will need to be prudent, affordable and sustainable. By funding the £82,000 from capital resources instead of revenue, this would increase the Airport's revenue reserves.

- 3.3** At 31 March 2003 the Airport long term borrowing was £3.610m and after allowing for new borrowing of £402,000 in 2003/04 less £144,000 loans repaid, the likely long-term borrowing at 31 March 2004 will be £3.868m.

4. Provisional Outturn 2003/04

- 4.1 It is expected that the Airport's capital programme will outturn within budget.
- 4.2 The part year revenue effect of financing the additional £82,000 capital expenditure is about £2,400 in 2003/04 and has already been included in the Revenue forecast outturn elsewhere on this agenda.

5. Consultation

- 5.1 The purpose of this report is to advise the Joint Committee of the provisional outturn at month 11 and therefore there has been no external consultation.

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Wards affected	All

Financial implications

The report gives full details of the financial implications.

Legal implications

When considering the proposals to address the budget position the impact of the Human Rights Act 1998 on the provision of council services is a relevant consideration.

Corporate/Citywide implications

Managing within budget will mean the Owning Authorities do not need to make contributions to fund Airport costs.

Risk assessment

There has been no risk assessment for this report.

Sustainability implications

There are no direct environmental implications arising from this report. However, it is believed that the reputation of the Airport's financial framework and its ability to demonstrate sound budgetary control, could have an impact on the willingness of other funding partners to invest in and with the Airport. This could invariably affect the level of inward investment in respect of environmental projects.

Equalities implications

There are no direct equalities implications arising from this report although reductions in expenditure may reduce opportunities in employment from disadvantaged groups. As previously stated if the reputation of the Council's financial framework is good, then more opportunities for partnership working, particularly targeting specific areas may be created.

Implications for the prevention of crime and disorder

There are no implications for the prevention of crime and disorder arising from this report.

Background papers

Budget and Accounting files are held in Corporate Finance.

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