SUPPLEMENTARY INFORMATION FOR AGENDA ITEM 11

District Funding –

Any proposed investment-to-save capital expenditure brought forward as part of the budget process would be subject to a robust business case and formal appraisal. The business case must clearly demonstrate that the forecast recurring savings are sufficient to fully offset all additional borrowing and financing costs, together with any ongoing revenue, maintenance, support and operational costs arising from the investment.

In addition, appropriate monitoring arrangements must be established from the outset, with the delivery of approved savings and associated benefits regularly tracked and reported to ensure the anticipated financial return is achieved. Schemes that do not provide a clear, sustainable and measurable financial benefit to the Council should not be progressed within the Budget setting process.

If the Council was to agree any additional capital works it would be required to borrow to fund them. The cost of borrowing to the Council would be at the Public Works Loan Board rate, currently 6.43% over twenty-five years.

The repayment cost would have to be found through additional budget savings from current council spending. The current Medium Term Financial Strategy is predicated on no additional borrowing.

Amount borrowed	Term	Repayments revenue cost (per year)	Total Repayment Cost
£5 million	**25 years**	**£367,000**	**£9.179 million**
£10 million	**25 years**	**£735,000**	**£18.359 million**
£20 million	**25 years**	**£1.469 million**	**£36.718 million**
£50 million	**25 years**	**£3.672 million**	**£91.795 million**