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| --- | --- | --- | --- |
| **Continuing Statutory Service (Proposed Base Budget Reduction Targets) – Template 2**  **BOP 035** | | | |
| Service name  Capital Financing Charges | Service description – please see below | | |
|  | **2015/16** | **2016/17** | **2017/18** |
|  | **£m** | **£m** | **£m** |
| Forecast before savings | 37.085 | 36.789 | 36.330 |
| Budgeted savings (cumulative) | 0.000 | 0.000 | 0.000 |
| Planned net expenditure  **(Approved 2015 net budget)** | 37.085 | 36.789 | 36.330 |
|  |  |  |  |
| August 15 monitoring position | -9.500 |  |  |
| Demand variations (cumulative) |  | -5.774 | -5.774 |
| Price variations (cumulative) |  | 0.000 | 0.000 |
| Undeliverable savings (cumulative) | 0.000 | 0.000 | 0.000 |
| Loss of grant (cumulative) | 0.000 | 0.000 | 0.000 |
| **Revised Resource Requirement** | **27.585** | **31.015** | **30.556** |
| Additional savings target for approval (cumulative) | 0.000 | -7.000 | -7.000 |
| **Revised proposed budget** | **27.585** | **24.015** | **23.556** |
| Proposed risk reserve provision (discrete year) |  | 0.000 | 0.000 |
| Policy Decisions needed to deliver the target savings | The basis for calculating the minimum revenue provision is to be changed. This will extend the period over which debt will be repaid and an annuity rather than a straight line basis is to be used to calculate the charge where appropriate. | | |
| Impact on service | The proposal is a financing rather than a service change. Therefore there is no direct impact on services. Costs will increase in later years putting pressure on services | | |
| Actions needed to deliver the target savings | * Minimum Revenue Provision Policy needs to be approved by the full County Council to change basis of the calculation | | |
| Equality Analysis | [Click here to view document](http://council.lancashire.gov.uk/ecCatDisplay.aspx?sch=doc&cat=13868&path=0) | | |

**What does this service deliver?**

The County Council has a statutory responsibility to make an annual charge to the revenue account to pay for capital expenditure that was originally funded by debt. The minimum charge to be made in any year is referred to as the minimum revenue provision (MRP) and is made in accordance with a policy agreed by the full County Council.