

Financial Appraisal

The financial appraisal estimates the impact on the council's budgets by year including the estimated impact of closing the Upper Brook St car park.

To date the council has spent almost £200,000 on the preliminary works at the surgery and the receipt on disposal will be used to finance that expenditure. The remainder of the receipt can be used to finance other capital projects including projects already underway. It has been assumed below that the receipt will be used to reduce the borrowing need in relation to the new Sport & Leisure Park over its estimated life and consequently provide annual savings on the forecast borrowing cost.

Capital receipt									
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Deposit @ 10%	0	(93)	0	0	0	0	0	0	(93)
Remainder on completion	0	0	(837)	0	0	0	0	0	(837)
Total	0	(93)	(837)	0	0	0	0	0	(930)

Revenue Consequences									
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Lost car park income	0	(18)	(71)	(73)	(74)	(76)	(77)	(79)	(80)
Car park expenditure saving	0	4	18	18	19	19	19	20	20
Interest saving	0	0	0	22	22	21	21	21	20
Minimum Revenue Provision (MRP)* saving	0	0	0	10	10	10	11	11	11
Freehold - £0.8m receipt	0	(13)	(54)	(23)	(24)	(25)	(26)	(27)	(29)

*Borrowing need is reduced over the life of the asset by applying MRP annually from revenue

Incremental Impact of Capital Investment Decisions*	2020/21 Estimate £	2021/22 Estimate £	2022/23 Estimate £	2023/24 Estimate £	2024/25 Estimate £
General Fund - equivalent to increase/(decrease) in annual band D Council Tax	0.00	0.26	1.05	0.44	0.46

*This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax.

Assumptions

Discount Factor	3.00%	Estimated cost of capital
Capital receipt / premium	£930,000	10% deposit in September 2021 and balance in February 2023 on practical completion
Car park closure	December 2021	
Lost income	50% lost	Assumes remaining 50% will utilise alternative city centre capacity and P&R capacity which generates less income
Lease income	£1 peppercorn for 150 years	
Expenditure savings	Estimated business rates, maintenance, and management	25% of income
Inflation	CPI at 2%	Bank of England target rate
Interest saving	3.00%	Rate based on long term borrowing rates available to WCC including margin for prudence
Minimum Revenue Provision saving	3.00% on annuity basis	As above