

Report of	Meeting	Date
Chief Finance Officer (Introduced by the Executive Member for Resources)	Executive Cabinet	10 December 2020

## **REVENUE AND CAPITAL BUDGET MONITORING 2020/21 REPORT 2 (END OF OCTOBER 2020)**

### **PURPOSE OF REPORT**

1. This report sets out the provisional revenue and capital outturn figures for the Council as compared against the budgets and efficiency savings targets set for the financial year 2020/21.

### **RECOMMENDATION(S)**

2. Note the full year forecast position for the 2020/21 revenue budget and capital investment programme.
3. Note the forecast position on the Council's reserves.
4. Approve the capital programme to be delivered in 2020/21 to 2022/23

### **EXECUTIVE SUMMARY OF REPORT**

5. The projected revenue outturn currently shows a forecast in line with the budget for 2020/21.
6. The forecast of capital expenditure in 2020/21 is £21.713m.
7. The Council's budget for 2020/21 included a savings target of £150k from management of the staffing establishment. The full savings of £150k has been achieved.
8. The Council's Medium-Term Financial Strategy reported that working balances are currently maintained at £4.0m due to the financial risks facing the Council. The forecast level of general fund balances as at 31 March 2021 will be £4.0m.

<b>Confidential report</b> Please bold as appropriate	Yes	<b>No</b>
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<b>Key Decision?</b> Please bold as appropriate	<b>Yes</b>	No
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<b>Reason</b> Please bold as appropriate	<b>1, a change in service provision that impacts upon the service revenue budget by £100,000 or more</b>	2, a contract worth £100,000 or more
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	3, a new or unprogrammed capital scheme of £100,000 or more	4, Significant impact in environmental, social or physical terms in two or more wards
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## REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

9. To ensure the Council's budgetary targets are achieved.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

10. None

## CORPORATE PRIORITIES

11. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all	✓	A strong local economy	✓
Clean, safe and healthy communities	✓	An ambitious council that does more to meet the needs of residents and the local area	✓

## BACKGROUND

12. The net revenue budget for 2020/21 is £14.404m. This has been amended to include approved slippage from 2019/20 and any transfers to/from reserves.
13. Appendix 2 provides further information about the specific earmarked reserves and provisions available for use throughout 2020/21.
14. The Council's approved revenue budget for 2020/21 included target savings of £150,000 from management of the staffing establishment.
15. Set out in Appendix 1 is the provisional outturn position for the Council based upon actual spend in the first seven months of the financial year and adjusted for future spend based upon assumptions regarding vacancies and service delivery.
16. The latest forecast of capital expenditure in 2020/21 is £21.713m. The latest capital forecast is detailed in Appendix 3 based upon actual and committed expenditure during the first seven months of the financial year and adjusted for future spending based upon the latest timescales for project delivery.

## SECTION A: CURRENT FORECAST POSITION – REVENUE

17. The projected outturn shown in Appendix 1 shows a forecast in line with the revenue budget for 2020/21. The significant variances from the position reported in Quarter 1 are shown in table 1 below.

## ANALYSIS OF MOVEMENTS

Table 1 – Forecasted Significant Variations from the Cash Budget

Note: Overspends/shortfalls in income are shown as ( ).

	£'000	£'000
<b>Expenditure:</b>		
Staffing Costs	149	
Support to VCFS Network	15	
Property Maintenance/Repairs	40	
Bus Station Management	<u>50</u>	
		254
<b>Income:</b>		
Council Tax Summons/Committal Costs	(15)	
Car Parking Fees	(29)	
Forecast Government Support for Fees & Charges	<u>131</u>	
		87
<b>Major Projects/Other:</b>		
Market Walk & Market Walk Extension	(266)	
Digital Office Park	(9)	
Other minor variances	<u>15</u>	
		(260)
<b>Net Movement</b>		<b>81</b>
<b>Quarter 1 Net Forecast Overspend</b>		<b>(81)</b>
<b>Total Forecast Underspend at Quarter 2</b>		<b>0</b>

### Expenditure

18. The additional savings on staffing costs of £149,000 shown in table 1 above reflects the changes from the position reported to the end of August in the last monitoring report. The savings across the Council's directorates are shown in the table below.

Staffing Savings	£'000
Customer & Digital Services	22
Policy & Governance	126
Early Intervention	7
Commercial Services	(6)
<b>Total Staffing Savings</b>	<b>149</b>

19. The forecast variations profiled above make assumptions regarding the start dates of staff to vacant posts, these assumptions are monitored on a monthly basis. The main savings are predominantly a result of vacant posts, due to delayed recruitment to a number of positions both as a result of the Covid-19 lockdown and pending the implementation of new departmental structures. Savings have also occurred in Civic Services and Lancastrian staffing as a result of Covid-19 with the Town Hall being closed for events during 2020/21.
20. The Council currently has an annual revenue budget of £15,000 to provide additional support to the Voluntary, Community and Faith Sector (VCFS) in Chorley through strengthening the

work of the Chorley VCFS Network. The arrangement with Lancashire West Citizens Advice Bureaux on behalf of the VCFS Network is currently out of contract and under review, therefore no payment will be required in 2020/21 generating a budget saving in the current year.

21. It was previously reported in Quarter 1 that as a result of the Covid-19 lockdown period at the start of the financial year, the Council's external contractors for maintenance and repairs were unable to carry out much of the planned or reactive maintenance work on the Council's properties. Further government restrictions including a second lockdown period will also impact on the anticipated volume of work. The latest forecast suggests a further underspend against budget of around £40k. It is not felt that this budget will need to be carried forward to 20/21 and any work remaining in future years can be funded through existing reserves.
22. The Council's revenue budget for 2020/21 included an additional £100k annual provision for the Council to take over the management of the Chorley Bus Station from Lancashire County Council. Discussions with LCC are currently ongoing with regards to this transition and the likelihood is that it will be the next financial year before any new management arrangements can be put in place. This will result in an initial revenue saving of £100k in the current year. However, recent analysis into the potential running costs of managing the bus station suggest a net operational cost of around £154k per annum. As such, £50k of the current year saving will be transferred to an earmarked reserve to supplement the annual revenue budget of £100k in 2021/22 to mitigate the potential overspend in the first year.

#### *Income*

23. The Quarter 1 monitoring report highlighted a significant shortfall in income for the first few months of the year from Council Tax Summons/Committal Costs with a forecast shortfall in the region of £140k compared to budgeted levels. This is due the council adapting its approach to recovery during the pandemic to support residents. Income levels have continued to be below budget in recent months and the current forecast is for a shortfall of around £155k, an increase of £15k from Quarter 1. It is anticipated however that this shortfall can now be included in the compensation claim to government for losses on fees and charges due to Covid-19.
24. The previous monitoring report also highlighted a fall in the income received for car parking fees over the first five months of the year. Income levels continue to be below budget and those received in previous years. With a second lockdown period in November, a further reduction in income is anticipated and this has resulted in a revised income forecast of around £221k for the year. This is £154k below the original budget and reflects an increase of £29k from the figure reported at Quarter 1.
25. The Government has previously announced that they will support councils for the loss of fees and charges income but not commercial income in 20/21. The council will have to manage the first 5% of the shortfall in budgeted income and then the Government will provide 75% of any further loss. It is currently estimated that the compensation due to Chorley Council for the loss of income in 20/21 will be around £301k, an increase of £131k from the figure reported in Quarter 1. The increase is predominantly as a result of the inclusion of losses on Council Tax Summons/Committal Costs as discussed earlier.

## MARKET WALK & MARKET WALK EXTENSION

26. The budgeted net rental income from Market Walk and Market Walk Extension after taking account of financing costs in 2020/21 is £1.373m.

**Table 2: Market Walk and Market Walk Extension Income 2020/21**

	2020/21 Budget £	2020/21 Forecast £	2020/21 Variance £
Income – Market Walk	(1,664,780)	(1,385,984)	(278,796)
Income – Market Walk Extension	(516,280)	(421,467)	(94,813)
One off Costs	0	61,000	(61,000)
Service Charge Operational budget	394,316	396,175	(1,859)
Service Charge Income Loss per Approval	(78,989)	47,159	(126,148)
Service Charge Income	(421,606)	(394,300)	(27,306)
<b>Net Income (excluding financing)</b>	<b>(2,287,340)</b>	<b>(1,697,418)</b>	<b>(589,922)</b>
Financing Costs	914,640	914,640	0
<b>Net Income (including financing)</b>	<b>(1,372,700)</b>	<b>(782,778)</b>	<b>(589,922)</b>
Income Equalisation Reserve (Annual Contribution)	50,000	0	50,000
Asset Management Reserve (Market Walk)	50,000	0	50,000
<b>Net Income</b>	<b>(1,272,700)</b>	<b>(782,778)</b>	<b>(489,922)</b>
Proposed Use of Income Equalisation Reserve	0	(132,599)	132,599
<b>Revised Net Income</b>	<b>(1,272,700)</b>	<b>(915,377)</b>	<b>(357,323)</b>

### Income

27. Income is expected to be £279k under budgeted levels at the existing Market Walk Site due to several leases being renegotiated in 2020/21 post Covid-19. Discussions about a number of leases are still ongoing but it has been assumed Unit 31-33 will be vacant due to the recent announcement that the tenant has fallen into administration. The council has been flexible with its tenants by offering a rescheduling of rent payments in 2020/21 over a longer period where necessary. Income is also lower in 2020/21 due to the renewal of a number of leases; these lease renewals have meant our tenants remain at the shopping centre over the coming years but do include, as standard, a one-off rent free period.

### Expenditure

28. Due to vacant units at the suite it is forecast that £27k of the service charge will not be recoverable in 2020/21. It has also been approved by Full Council on 17 November 2020 to support tenants service charges and this has created a further overspend of £126k. It should be noted that tenants that have agreed contract extensions and renewals, even with rent free periods, continue to pay business rates liabilities and the service charges.

29. There have been some one-off fees incurred in year around letting fees, fees relating to leasehold incentives and other miscellaneous one-off non-service charges that amount to £61k.

#### Reserves

30. The council budgets to set aside £50k towards both the income equalisation reserve and asset management reserve. It is proposed that these reserves are not increased in 20/21 and that £133k is utilised from the income equalisation reserve. This will leave a forecast £335k in the income equalisation reserve and £104k in the Market Walk asset maintenance reserve.

## MAJOR PROJECTS & OTHER ITEMS

#### Strawberry Fields Digital Office Park

31. Strawberry Fields was budgeted to break-even in 20/21 with income covering the running and borrowing costs of the facility. Table 3 outlines the forecast for 20/21.

**Table 3: Digital Office Park Income 2020/21**

	2020/21 Budget £	2020/21 Forecast £	2020/21 Variance £
Rental Income	(666,950)	(234,259)	(432,691)
Operational Costs (excluding financing)	498,670	466,513	32,157
<b>Net Income (excluding financing)</b>	<b>(168,280)</b>	<b>232,254</b>	<b>(400,534)</b>
Financing Costs	168,280	168,280	0
<b>Net Income (including financing)</b>	<b>0</b>	<b>400,534</b>	<b>(400,534)</b>

32. Income is expected to be £433k short of the budget in 2020/21 due to the number of vacant units and reduced take up during the Covid-19 period. It was confirmed in August 2020 that the eligibility criteria for the units can be widened until August 2022 resulting in a significant increase in interest in the offices and flexible working spaces. Demand for room bookings increased significantly in September but following lockdown and other restrictions have fallen back again. Three offices have become vacant in recent months with three being newly occupied leaving rental income fairly stagnant.
33. Expenditure is below budget due to reductions in energy costs during Covid-19 and work is ongoing to split the Business Rates charges for the building to enable each unit to be charged directly and reduce the central liability.

#### Primrose Gardens

34. Primrose Gardens continues to perform well with occupancy now at 97% that is higher than budgeted for. As such the project is forecast to underspend by £28k in 2020/21.

## Leisure Centres

35. Following the General Purposes Committee Report on 16<sup>th</sup> September 2020 Leisure Centres were brought back under Council operational control. Information is still at an early stage but the anticipated position is detailed in Table 4.

**Table 4 Leisure Centre Forecast 20/21 (October to March 21)**

	<b>2020/21 Forecast £</b>
Income	<b>(138,399)</b>
Income - Furlough	<b>(45,028)</b>
<b>Total Income</b>	<b>(183,427)</b>
Staffing Costs	396,799
Operational Costs	369,235
<b>Total Expenditure</b>	<b>766,034</b>
<b>Net Deficit</b>	<b>582,607</b>
Leisure Budget Underspend (6 Months)	<b>(206,000)</b>
<b>Net Deficit</b>	<b>376,607</b>

36. There is currently a net deficit of £377k to be funded from the £1.634m Covid-19 grant paid by Government to the council. Officers are investigating the possibility of reclaiming lost income via the Governments Sales, Fees and Charges support scheme, current guidance states the scheme is not available for lost income on services brought in-house during the pandemic. The deficit recorded is now significantly reduced from that originally predicted (£761k) for a number of reasons as detailed below.
37. Income has reduced as the centres were shut and a number of the functions are not currently operating even when the centres are open. Similarly, where possible, expenditure has been reduced and work absorbed among existing council structures where possible. Following the announcement of lockdown restrictions the Leisure staff were furloughed and an assumption for funding from this resource is built in for November.
38. As a result of Leisure Centres being moved in house this has also resulted in an underspend of £206k against the existing management of the contracts budgets.
39. Further detail on the £450k approved and the spending of this is included within capital narrative below. Details on all of the funding is included within the Covid 19 section of this report.

## Other Items

40. The net financing budget, excluding major projects and the purchase of Logistics House, is £564k and is currently forecast to be £150k underspent. The Government has supported councils' cash flow management during 20/21 by delaying payments due, such as the payment of precepts to the Government, as well as paying upfront for initiatives such as the business grants scheme. As such the council has not had to take any additional borrowing in

20/21 and has earned more on cash balances than forecast. The underspend of £150k is a prudent estimate given the uncertainty and will be reviewed prior to quarter 3.

## IMPACT OF COVID-19

41. The impact of Covid-19 on the council's budgets is varied and includes delays to recruitment and restructuring, reduction in income and additional expenditure. The major impacts on the budget are summarised below. This includes the various grant funding streams received to help the council manage the transition back to business-as-usual.

### Income

42. It has been well documented that the country has undergone a significant reduction in economic activity pushing the economy into recession. The impact on local residents and businesses is potentially vast, especially in the service industries. Two areas this may significantly affect the council's finances is the impact on its business rates and council tax collection funds.

### Business Rates

43. The original gross (including amounts paid over to the Government and other preceptors) collectable business rates for Chorley Council was budgeted at £26m for 20/21. As part of the budget on 11 March the Government announced that it would increase the discount on business rates liability for businesses in the retail, hospitality and leisure industry to 100% for 20/21. This has reduced the council's gross collectable to an estimated £15.2m. The council and other preceptors will receive compensatory grant payments, known as S31 grants, in 20/21 for this extended relief.
44. After adjusting for this reduction in collectable business rates the analysis below gives the forecast outturn position for Chorley Council's business rates collection fund.

Cumulative Income							
	Apr £m	May £m	Jun £m	Jul £m	Aug £m	Sep £m	Oct £m
Forecast	2.273	3.608	4.935	6.157	7.771	9.025	10.165
Actual	1.804	2.889	4.509	5.502	7.148	8.571	9.641
<b>Deficit</b>	<b>0.469</b>	<b>0.719</b>	<b>0.425</b>	<b>0.655</b>	<b>0.623</b>	<b>0.453</b>	<b>0.524</b>

45. Based on current collection rates it is estimated the gross shortfall of business rates income could be £0.524m. Chorley Council's share of this deficit would be approximately £210k meaning the council would be £210k short of its budgeted business rates income in 20/21. Although this figure seems large it should be noted:
- The council is not currently pursuing outstanding business rates debt. It is likely there are many businesses that are not currently able to pay but that will be able to meet the liability over the remainder of the year or over a longer agreed period. As such it is expected that the current collection rates will improve therefore reducing the forecast deficit.
  - The Government has announced that councils will be able to spread out the loss of business rates and council tax income over the next three years, rather than in one year. A deficit of £210k may therefore only result in a £70k impact for the council per year.

- The council holds a business rates retention reserve of £1.415m to fund one-off shortfalls in the business rates it collects. This includes managing downward revaluations, the risk surrounding this has however now been reduced as the scheduled 2021 national revaluations have been put back to 2023. The reserve is therefore considered more than sufficient to manage the risk surrounding business rates income.

46. The outturn has not been adjusted in Table 1 due to the uncertainty regarding the final shortfall in businesses rates income. It has also not been adjusted because, due to the complexities of the business rates system, any shortfall is likely to be recognised in 2021/22 rather than this financial year.

#### Council Tax

	Cumulative Income						
	Apr £m	May £m	Jun £m	Jul £m	Aug £m	Sep £m	Oct £m
Forecast	7.336	13.857	20.438	26.897	33.216	39.880	46.393
Actual	7.060	13.252	19.635	26.023	32.478	39.093	45.558
<b>Deficit</b>	<b>0.276</b>	<b>0.605</b>	<b>0.803</b>	<b>0.873</b>	<b>0.738</b>	<b>0.787</b>	<b>0.835</b>

47. Based on current collection rates it is estimated the gross shortfall of council tax income could be £0.835m in 20/21. Chorley Council's share of this deficit would be approximately £100k meaning the council would be £100k short of its budgeted council tax income.

48. As with business rates income the council is not currently pursuing outstanding debt and so it is likely that, with the correct support offered by the council, that the collection rates will improve throughout the year. The same rephrasing of any deficits also applies to council tax income meaning the potential £100k deficit may be spread over three years. Finally, as with business rates, any shortfall in 2020/21 would be recognised in the 2021/22 accounts and so the outturn has not been updated in this report.

#### Expenditure

49. The council has directly spent over £315k on Covid-19 relating expenditure including £49k on additional PPE, £66k on additional cleaning and over £44k on additional support for the homeless and for those at risk of becoming homeless. As more funding streams come online this expenditure will increase with the recruitment of staffing to meet the requirements of any new funding schemes.

50. As per the report to the General Purposes Committee on 16 September 2020, £450,000 has been made available from Government Covid-19 Funding and/or General Reserves to pay for set up costs in the council taking over the running of its leisure centres.

51. The total committed expenditure against the £1.634m Covid-19 budget is therefore

	£000s
<b>Covid-19 Funding</b>	<b>1,634</b>
Leisure Centres – Net Running Costs	377
Leisure Centres – Set Up Costs	450
Covid-19 Expenditure	315
<b>Covid-19 Funding Remaining</b>	<b>492</b>

## Government Funding

52. The following major sources of funding have been provided by the Government to support Chorley Council during the pandemic.

Funding	£
1st Tranche CV-19 Funding	51,797
2nd Tranche CV-19 Funding	1,180,904
3rd Tranche CV-19 Funding	177,413
4th Tranche CV-19 Funding	223,960
<b>SUB TOTAL</b>	<b>1,634,074</b>
<b><u>Specific Grants</u></b>	
New Burdens Funding - Business Grants	130,000
Extending Council Tax Support	855,381
Reopening High Streets	105,438
Trace Support Payments - Individuals (£500)	42,000
Trace Support Payments - Admin	26,249
Trace Support Payments - Discretionary	25,249
Local Restrictions Support Grant (LRSg) - Open	473,682
Local Restrictions Support Grant (LRSg) - Closed (Addendum)	1,572,534
Additional Restrictions Grant (ARG) - share of Lancs £30m	2,364,320
Health Protection Project (Part 1)- Test & Trace Staff	72,850
Health Protection Project (Part 2) - Test & Trace Staff & Non Staff	50,740
Health Protection Project (Part 3) - Food & Essential supplies	113,204
Next Steps Accommodation Programme (NSAP)	61,500
LA Compliance & Enforcement Grant	50,466
Containing Outbreak Management Fund (COMF)	945,728
Clinically Extremely Vulnerable People (CEV) (£678k county wide)	56,000
<b>SUB TOTAL</b>	<b>6,945,341</b>
<b>TOTAL CV-19 RELATED FUNDING</b>	<b>8,579,415</b>

### *CV-19 Grant Funding Support*

53. On the 22 October 2020 the Government announced the 4th tranche of Covid-19 grant support. The Government has also announced that they will support councils for the loss of some income, fees and charges but not commercial income, in 20/21. The council will have to manage the first 5% of shortfall in budgeted income and then the Government will provide 75% of any further loss. Officers will report the loss of income on a quarterly basis to Government and as a result this is not a fixed allocation listed above but separately detailed within Table 1.

54. The Government provided £855k for the council to provide additional **council tax support** to its residents. As at quarter 2 the council had committed £269k of these funds to support recipients of working age local council tax support with a £150 reduction in their annual council tax bill. There is discretion offered to the council as to how it uses these funds, a proposal is being developed to fully commit these funds by the end of 20/21.
55. The council's **Test & Trace Support Payments** has already provided £36k of support to residents compared to the £42k grant received. The council will continue to support residents and make the £500 payments and will reclaim the money from Government at the end of the process in February 2021.
56. The **Local Restrictions Support Grant** (LRSG) funding has been provided to the council to support businesses required to close due to Tier 3 and national restrictions. To date the council has started to make payments to those businesses closed due to Tier 3 restrictions, further policies are being approved to provide Tier 2 and discretionary support. These have taken longer to provide as the guidance from Government relating to these payments has been changed in the previous weeks.
57. The council has received additional funding to support the Government's **Test and Trace service**. The council has four dedicated contact tracers as well as staff seconded to manage the process. The council has also employed four dedicated information officers. The team are a key point of contact for businesses in Chorley Borough when it comes to supporting them with their COVID-19 guidance queries. These posts will be funded through the ERDF **Reopening High Streets** funding.
58. To be prudent at this stage in the financial year, it is assumed all funding from the Government will either meet any additional costs incurred by the council, be rolled forward to meet expenditure in 21/22 or be returned if not fully committed against. The only deviation from this approach is the assumption that the £130k to cover the costs of **administering the original business grants scheme** will meet budgeted staff costs and as such provides a £130k budget underspend to the council. This will be reviewed throughout the year and funding carried forward where required.

## GENERAL FUND RESOURCES AND BALANCES

59. With regard to working balances, and as per Appendix 1, the Council holds a £4m General Fund balance to manage budget risks not covered by earmarked reserves or provisions. The current forecast to the end of October shows that the General Fund closing balance will be around £4.0m as detailed in table 3 below. It should be noted however that there may be further call for the use of general balances throughout 2020/21.

**Table 3 – Movement in General Fund Balance**

<b>General Balances</b>	<b>£m</b>
Opening Balance 2020/21	4.000
Forecast revenue budget underspend	0.000
<b>Forecast General Fund Closing Balance 2020/21</b>	<b>4.000</b>

60. Appendix 2 provides further information about the specific earmarked reserves and provisions available for use throughout 2020/21. These reserve are being reviewed as part of the council's budget setting process.



## SECTION B: CURRENT FORECAST POSITION – CAPITAL

61. The approved capital budget as per the revenue and capital outturn report approved on 30 July 2020 and subsequent adjustments, including the adjustments outlined in this report, are tabled below.

	2020/21	2021/22	2022/23	Total
	£m	£m	£m	£m
Approved Budget	46.331	3.939	3.175	<b>53.445</b>
Q1 Adjustment	(6.618)	7.068	0.000	<b>0.450</b>
Q2 Adjustment	(18.000)	19.896	0.000	<b>1.896</b>
<b>Revised Budget</b>	<b>21.713</b>	<b>30.904</b>	<b>3.175</b>	<b>55.791</b>

62. At quarter one there were adjustments to reflect the £450k new Leisure Centres funding and reprofiling of Alker Lane across financial years.
63. A significant reprofiling of expenditure has taken place as at Quarter two including on the Tatton, Leisure Centres, Whittle, Play and Open Space and Buckshaw Village Rail schemes to more accurately reflect the timing of spend. The overall increase in budget at quarter two is as a result of £1.73m increase in funding at Tatton (as per Council report on 17<sup>th</sup> November 2020 this is covered by an increase in external funding) and £98k for the purchase of a new vehicle. This is slightly offset by other minor budget amendments. In addition, there has been a £92k increase in budget for enhancements to play and open spaces.

### Customer & Digital

64. The Bank Hall Restoration project is due to complete this financial year with the remaining £112k in the budget to be spent and reclaimed from the Heritage Lottery Fund.
65. As per the EMD on 17<sup>th</sup> November 2020 a Replacement Vehicle budget has been included to the value of £98k to be funded via the sale of an existing vehicle £35k and the balance from reserves £63k.

### Policy and Governance

#### *Astley Hall and Park Development*

66. The council has the following estimated budget for this project:

Budget	£
Astley Hall	1,100,000
Footpath Lighting	107,000
Outdoor activities at Astley Park	100,000
Refurbishment Ackhurst Lodge	250,000
Underspend - Hallgate Car Park	30,000
Underspend - Garden of Reflection	12,000
<b>TOTAL</b>	<b>1,599,000</b>

67. An EMD has been submitted to progress the procurement of the works to Astley Hall including £700k for windows and render, £200k for other repairs and decoration work and £200k for a Visitor route, new entrance, shop and staircase. Tenders for the work have now been received and work is ongoing to evaluate before proposing a successful bidder.

### **Early Intervention & Support**

#### *Leisure Centres*

68. Leisure Centre improvement works of £300k are underway alongside the £450k approved at General Purposes Committee on the 16<sup>th</sup> September 2020 to cover set up as a result of the Leisure Centre Contract ending. Over £520k spend has been committed and the full amount expected to be spent up until March 2021.
69. Alongside this there is a further £2m for enhancements to the Leisure Centres within the programme. It was anticipated these works would begin Autumn/Winter periods to upgrade facilities but following the end of the contract this is being reviewed to better understand the required work based upon the future demands.

#### *Play and Open Spaces*

70. The budget has been reprofiled to better reflect forecast expenditure across 2020/21 and 2021/22. In addition, the council will commit an additional £92k of expenditure, funded through S106 and reserves, to further improve sites such as new play equipment, enhanced lighting, safety surfacing and wildflower planting at different sites throughout the borough.

### **Commercial Services**

#### *Whittle Surgery*

71. Work on this project commenced on the 26<sup>th</sup> October and should take approximately 12 months. Following receipt of a detailed cost plan this projected has now been reprofiled to accurately reflect the likely spend across 20/21 and 21/22 financial years.

#### *Tatton Development*

72. Work to demolish the bus station commenced on 26<sup>th</sup> October was completed in November. Robertson Construction have been appointed on 8<sup>th</sup> September as preferred bidder with formal appointment to come in January and the aim for work to start on site in early February. Expenditure has been reprofiled across financial years to more accurately reflect likely timing of spend. Planning approval granted 2<sup>nd</sup> November. A detailed update on this scheme went to Council on 17<sup>th</sup> November 2020 increasing the budget to £15.7m which was compensated for by a successful LEP bid of £5.2m.

#### *Alker Lane*

73. A planning application submitted to 2<sup>nd</sup> November Planning Committee which has been approved subject to conditions. Procurement is underway and tender documents are to be issued with a, single stage, fixed price tender. The contractor is due to be appointed in January 2021 and on site March/April 2021 with aim for completion around the end of 2021. We are about to commence diversion of water mains on site following discussions with United Utilities starting 16<sup>th</sup> November and should be complete January 2021. Discussions are ongoing with BAE to purchase Alker Lane as currently use is only via licence. The current total budget is £9.2m with funding from the receipts of the sales of some units as well

as borrowing that will be more than repaid through the income generated by the site. An application for £2.4m to the Lancashire Enterprise Partnership (LEP) has been successful.

*Public Realm Town Centre*

74. As outlined in the budget, Chorley Council will continue its commitment to deliver the town centre masterplan with £4m set aside in the budget to achieve this. An opportunity has arisen to demolish the now vacant bingo hall and adjacent offices in the town centre and open this site up for additional car parking and public space. The estimated cost of the demolition is £500k including £250k for the removal of asbestos and £50k for hoardings. The demolition works are underway at Units 7-11 and following that the former Buzz Bingo site in January/February 2021. The remaining elements for the development of the site are likely to be in 21/22 and capital programme will be re-profiled to reflect this expenditure when we have greater certainty.

75. The council received £150k from Government to work up and submit a Future High Street Fund bid that included developing the Market St site. The council was expecting to hear the outcome of this bid in Autumn 2020 but no decision has yet been made. Other planned work relating to this budget includes the resurfacing of Queens Rd car park to provide an enhanced distribution of spaces and to improve the safety of the car park.

*Westway Playing Fields Sports Development*

76. The total budget for the construction of the new site is £2.5m in 20/21. The artificial grass pitch (AGP) and compact athletics track contract has been awarded with works underway. Works to the pavilion have also been procured with completion due in February 2021. The majority of the project is expected to be completed within the financial year.

*Buckshaw Parkway*

77. Feasibility study completed by Northern Rail showing likely costs to be significant and other funding options are to be explored to progress and finalise design. As a result, this funding has been reprofiled to 21/22 subject to further information being received

**CAPITAL PROGRAMME FINANCING 2020/21**

Fund	Original Budget 2020/21 £'000	Quarter 1 2020/21 £'000	Quarter 2 2020/21 £'000	Change from Original Budget £'000
External Contributions	6.750	6.750	3.701	(3.049)
Grants	5.447	5.897	2.190	(3.256)
New Homes Bonus	0.347	0.347	0.347	0.000
Earmarked Reserves	1.397	1.397	1.530	0.133
Revenue	0.010	0.010	0.010	0.000
Capital Receipts	0.508	0.508	0.558	0.050
Borrowing	31.871	24.803	13.376	(18.496)
<b>Capital Financing 20/21</b>	<b>46.331</b>	<b>39.713</b>	<b>21.713</b>	<b>(24.618)</b>

78. The reduction in borrowing in 20/21 is the net effect of reprofiling the expenditure budgets for Alker Lane and the town centre public realm demolition works.
79. The increase in grants in 20/21 is to reflect the additional £450k approved for Leisure Centres that is forecast to be funded through the £1.4m Covid-19 grant.
80. The forecast increase in earmarked reserves is mostly due to the additional funding relating to the planned enhancements to play areas, parks and open spaces.
81. The significant changes at quarter two reflect the reprofiling of expenditure as detailed above.

### IMPLICATIONS OF REPORT

82. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

### COMMENTS OF THE STATUTORY FINANCE OFFICER

83. The financial implications are contained within this report

### COMMENTS OF THE MONITORING OFFICER

84. No Comment

JAMES THOMSON  
DEPUTY DIRECTOR OF FINANCE (S151)

There are no background papers to this report.

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Report Author	Ext	Date	Doc ID
David Bond/James Thomson	5488/5025	20/11/20	***