

Report of	Meeting	Date
Chief Finance Officer (Introduced by the Executive Member for Resources)	Executive Cabinet	25 th February 2021

Revenue and Capital Budget Monitoring 2020/21 Report 3 (End of December 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 underspend of £13k compared to the budget for 2020/21.
6. The forecast of capital expenditure in 2020/21 is £14.587m.
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 at 31 March 2021 will be £4.013m.

Confidential report Please bold as appropriate	Yes	No
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Key Decision? Please bold as appropriate	Yes	No
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Reason Please bold as appropriate	1, a change in service provision that impacts upon	2, a contract worth £100,000 or more
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	the service revenue budget by £100,000 or more	
	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

**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 £14.434m. 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 nine 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 £14.587m. The latest capital forecast is detailed in Appendix 3 based upon actual and committed expenditure during the first nine 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 underspend of £13k compared to the revenue budget for 2020/21. The significant variances from the position reported in Quarter 2 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
Expenditure:		
Staffing Costs	113	
Civic Offices (Utilities/Other costs)	45	
Home Improvements - Minor Adaptations	<u>25</u>	
		183
Income:		
Council Tax Summons/Committal Costs	(145)	
Building Control Fees	(44)	
Planning Application Fees	35	
Market Rents - Rebates	(31)	
Forecast Government Support for Fees & Charges	<u>43</u>	
		(142)
Major Projects/Other:		
Market Walk & Market Walk Extension	(52)	
Digital Office Park	(31)	
Other minor variances	<u>55</u>	
		(28)
Net Movement		13
Quarter 2 Net Forecast Overspend		0
Total Forecast Underspend at Quarter 3		13

Expenditure

18. The additional savings on staffing costs of £113,000 shown in table 1 above reflects the changes from the position reported to the end of October in the last monitoring report. The savings across the Council's directorates are shown in the table below.

Staffing Savings	£'000
Customer & Digital Services	177
Policy & Governance	(64)
Early Intervention	54
Commercial Services	(11)
Shared Chief Executive/Directors	(43)
Total Staffing Savings	113

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.

20. As a result of the Covid-19 lockdown period at the start of the financial year and continuing Covid restrictions, the Council's Civic Offices have remained predominantly unoccupied with the vast majority of Council employees continuing to work from home. During this period, expenditure levels have reduced for the running costs of these buildings, including utility, cleaning and refuse costs, compared to those incurred under normal circumstances. The latest forecast suggests this will result in a budget underspend of around £45k in the current year.
21. The Council and Lancashire County Council entered into a Collaboration Agreement in July 2015 in which the Council agreed to act as LCC's delivery agents across various Integrated Home Improvement Service (IHIS) activities. The agreement which included Minor Adaptations (a statutory function for LCC Adult Social Care) and the Handyperson service expired on the 31st March 2020 and therefore the Council's budgets for 2020/21 included the assumption that the funding from LCC would cease.
22. However, the Council has since accepted the offer of a new Collaboration Agreement from LCC to deliver the Minor Aids and Adaptations service only, with the Council continuing to support the Handyperson service from its own resources. The new agreement takes effect from 1st April 2020 for a three-year period to 31st March 2023, with an option to extend until 31st March 2025 and this should result in surplus income for the Council of around £25,000 for the year.

Income

23. Previous monitoring reports have highlighted the 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 £155k compared to budgeted levels. This is due to the council adapting its approach to recovery during the pandemic to support residents. At the time of the last report to the end of October it was anticipated that recovery action would recommence in the coming months and this would still generate a significant level of income within the current financial year. Due to continued Covid restrictions and the national lockdown, the issue of summonses is still on hold and is unlikely to recommence before April. This will result in a further shortfall in income of around £145k for the current year. 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. Previous reports also highlighted a fall in income received for Building Control fees over the first few months of the year. As a result of the further Covid restrictions and national lockdown, income levels continue to be below budget and those received in previous years, and this has resulted in a revised income forecast of around £122k for the year. This is £82k below the original budget and reflects an increase in losses of £44k from the figures reported previously. These further losses will also be included in future claims to government under the compensation scheme.
25. Income from Planning Application fees has been consistently in line with budgeted levels throughout the first two quarters of 2020/21 with revenue increasing further over recent months. This has resulted in a forecast of around £585k for the full year, giving a revenue surplus of £35k compared to the income budget of £550k.
26. Earlier in this financial year the Council took the decision to cancel the first quarterly rental charges for market traders for the Covered Market and Street Markets due to Covid-19 restrictions during lockdown. As a result of further restrictions currently in place, the Council has decided to continue to provide essential support to local market traders and offer rent rebates for the winter period. This has resulted in a reduction in rental income of around £31k.
27. 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 £344k. This figure is likely to increase further by the end of the year, predominantly as a result of further losses on Council Tax Summons/Committal Costs as discussed earlier.

Market Walk & Market Walk Extension

28. 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)	(449,655)	(66,625)
One off Costs	0	61,000	(61,000)
Service Charge Operational budget	394,316	412,622	(18,306)
Service Charge Income Loss per Approval	(78,989)	47,159	(126,148)
Service Charge Income	(421,606)	(330,357)	(91,249)
Net Income (excluding financing)	(2,287,340)	(1,645,215)	(642,124)
Financing Costs	914,640	914,640	0
Net Income (including financing)	(1,372,700)	(730,575)	(642,124)
Income Equalisation Reserve (Annual Contribution)	50,000	0	50,000
Asset Management Reserve (Market Walk)	50,000	0	50,000
Net Income	(1,272,700)	(730,575)	(542,124)
Proposed Use of Income Equalisation Reserve	0	(132,599)	132,599
Revised Net Income	(1,272,700)	(863,174)	(409,525)

Income

29. 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

30. Due to vacant units at the suite it is forecast that £91k 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.
31. 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

32. 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

33. 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)	(242,912)	(424,038)
Operational Costs (excluding financing)	498,670	506,117	(7,446)
Net Income (excluding financing)	(168,280)	263,204	(431,484)
Financing Costs	168,280	168,280	0
Net Income (including financing)	0	431,484	(431,484)

34. Income is expected to be £424k 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.
35. Expenditure is below slightly over budget due to reductions in energy costs during Covid-19 being overtaken by increased business rates due to vacant offices. Work is ongoing to see whether further business rates can be mitigated.

Primrose Gardens

36. 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

37. Following the General Purposes Committee Report on 16th September 2020 Leisure Centres were brought back under Council operational control. The anticipated position is detailed in Table 4.

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

	2020/21 Forecast £
Income	(93,888)
Income - Furlough	(121,726)
Total Income	(215,614)
Staffing Costs	406,060
Operational Costs	319,286
Total Expenditure	725,346
Net Deficit	509,732
Leisure Budget Underspend (6 Months)	(206,000)
Net Deficit	303,732

38. There is currently a net deficit of £304k to be funded from the £1.634m Covid-19 grant paid by Government to the council. The deficit recorded is now significantly reduced from that originally predicted (£761k) for a number of reasons as detailed below.
39. Income has reduced as the centres have been 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. Following the announcement of lockdown restrictions the Leisure staff were furloughed and an assumption for funding from this resource is built in for; November, December (flexible furlough), January and February.
40. 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.
41. A bid to the National Leisure Relief Fund has been submitted for £230k the outcome of which is still awaited. Should this be successful it may further improve the current position.
42. 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

43. 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 the forecast may change by the end of March.

Impact of Covid-19

44. 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

45. 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

46. 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.
47. 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	Nov £m	Dec £m
Forecast	2.273	3.608	4.935	6.157	7.771	9.025	10.165	10.606	11.771
Actual	1.804	2.889	4.509	5.502	7.148	8.571	9.641	10.776	11.704
Deficit	0.469	0.719	0.425	0.655	0.623	0.453	0.524	-0.170	0.067

48. Based on current collection rates it is estimated the gross shortfall of business rates income could be £0.067m. Chorley Council's share of this deficit would be approximately £27k meaning the council would be £27k short of its budgeted business rates income in 20/21. This figure is a substantial improvement on early in the year and it should also be noted:
- As a result of Covid reliefs there has been significant differences to the trends in previous years with Business Rates. There will be a shift in the way income is received and repaid by the Council. As a result in 20/21 an amount exceeding £4.4m

will need to be provided for in reserves to be repaid over the following three financial years.

- 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 £27k may therefore only result in a £9k 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.

49. 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	Nov £m	Dec £m
Forecast	7.336	13.857	20.438	26.897	33.216	39.880	46.393	52.826	59.277
Actual	7.060	13.252	19.635	26.023	32.478	39.093	45.558	52.080	58.431
Deficit	0.276	0.605	0.803	0.873	0.738	0.787	0.835	0.746	0.846

50. Based on current collection rates it is estimated the gross shortfall of council tax income could be £0.846m in 20/21. Chorley Council's share of this deficit would be approximately £102k meaning the council would be £102k short of its budgeted council tax income.

51. 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 rephasing of any deficits also applies to council tax income meaning the potential £102k 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

52. The table below details the spend to date on Covid related funding streams. It should be noted there is significant uncertainty around the Containing Outbreak Management Funding (COMF). The funding was incorrectly paid to Lower Tier authorities and we are uncertain as to whether some of this should be paid to Lancashire County Council. Should this funding remain with the Council it is anticipated much of these costs were via redeployment of existing Council resources so the funding may create an underspend of £1.3m in the General Fund. However, until there is certainty over this funding it is suggested the money should be held until further notice is given.

Spend Area	Spend to Date	Committed 20/21	Spend repurposed from Existing Budgets	Total 20/21 Spend	21/22 Spend Committed
Staffing	138,960	272,729	634,529	1,046,218	153,148
Premises and Outdoor Work	115,702			115,702	
Food and Essential Supplies	1,902	113,204		115,106	
Operation tools & equipment	87,476			87,476	
Information Technology	39,168			39,168	
Waste Contract	22,837			22,837	
Pest Control	20,500			20,500	
Temporary Accommodation	44,695			44,695	
Expenses Recovered	-41,435			-41,435	
Other Costs - inc Leisure	25,409	753,732		779,141	
Track and Trace Payments	76,000	31,500		107,500	
Extending Council Tax Support	358,000	497,381		855,381	
Sales Fees and Charges	344,000			344,000	
National Leisure Relief Funding		230,000		230,000	
Containing Outbreak Management Funds			1,300,376	1,300,376	
Total	1,233,214	1,898,546	1,934,905	5,066,665	153,148

53. The Council has spent in excess of £1.200m on Covid related expenditure to date with a further £1.9m to come in 20/21 and £0.200m in 21/22. It is likely there may be some more commitments that are not currently on the financial system but at the moment it is forecast there is £0.600m of existing resources which have been redeployed on Covid work creating a potential General Fund underspend of £0.600m. In order to be prudent, we would suggest providing £0.300m of funding for any committed but not yet showing on the financial system. In addition to this, should the COMF also be available, there would be an additional £1.300m of General Fund underspend available.

Government Funding

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

Grant	Allocation 20/21	Allocation 21/22
Initial Covid Funding - General	1,634,074	556,659
New Burdens Funding - Business Grants	130,000	
New Burdens Funding - Business Grants	58,500	
New Burdens Funding - CTS / Hardship	23,229	
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	
Trace Support Payments - Individuals (£500) - top up to 31/1/21	28,500	
Trace Support Payments - Discretionary - top up to 31/1/21	11,751	
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)	1,300,376	
Sales Fees and Charges	344,000	
Clinically Extremely Vulnerable People (CEV)	56,306	
National Leisure Relief Funding	230,000	
Total	5,219,813	556,659

CV-19 Grant Funding Support

55. Further detail on individual grant schemes is provided in Appendix 4 to this report detailing the requirements of each funding stream.
56. On the 22 October 2020 the Government announced the 4th tranche of Covid-19 grant support. The Government 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 and will vary upon submission of returns.
57. The Government provided £855k for the council to provide additional **council tax support** to its residents. As at quarter 3 the council had committed £358k 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.
58. The council's **Test & Trace Support Payments** has already provided £76k of support to residents. 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.
59. 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.

Business Grants

60. A summary of the business grants to be received and paid out to date is below. It is assumed all business grant allocations will be either spent or returned to government. There is significant expenditure in process as payments go out for the more recent 'lockdown' periods. As a result, spend can increase significantly from day to day.

Grant Name	Allocation	Spend to Date	Committed/To Be Repaid	Total
Business Grants - 1st Lockdown	24,784,000	23,180,247	1,603,753	24,784,000
Local Restrictions Support Grant (LRSg) - Open 1 - To 5/11/20	473,682	374,149	99,533	473,682
Local Restrictions Support Grant (LRSg) - Open 2 - 2/12/20 to 18/12/20	17,854	0	17,854	17,854
Local Restrictions Support Grant (LRSg) - Open 3 - 19/12/20 to 30/12/20	12,603	0	12,603	12,603
Local Restrictions Support Grant (LRSg) - Closed 1 - To 5/11/20	72,765	68,339	4,426	72,765
Local Restrictions Support Grant (LRSg) - Closed 2 - 2/12/20 to 18/12/20	154,947	116,193	38,754	154,947
Local Restrictions Support Grant (LRSg) - Closed 3 - 19/12/20 to 30/12/20	136,718	117,193	19,525	136,718
Local Restrictions Support Grant (LRSg) - Closed (Addendum) - 5/11/20 to 2/12/20	1,572,534	907,312	665,222	1,572,534
Local Restrictions Support Grant (Closed Addendum Tier 4) - 30/12/20 to 4/1/21	0	119,505	-119,505	0
Local Restrictions Support Grant (LRSg) - Closed (Addendum) - 5/1/21 to 15/2/21	2,358,801	1,005,855	1,352,946	2,358,801
Closed Businesses Lockdown Payment - 5/1/21 - 15/2/21	4,716,000	2,011,000	2,705,000	4,716,000
Additional Restrictions Grant (ARG) - share of Lancs £30m - to 31/3/21	2,364,320	338,042	2,026,278	2,364,320
Additional Restrictions Grant (ARG) - Top Up - to 31/3/21	1,050,119	0	1,050,119	1,050,119
Wet Pubs	64,000	50,000	14,000	64,000
Total	37,778,342	28,287,835	9,490,507	37,778,342

Summary

61. It is estimated that as a result of staff redeployed to be funded by Covid grants there will be approximately £300k underspend in the General Fund when this is applied. As a result, a reserve for Covid Recovery will be created. Additionally, a Covid reserve of £450k has been

created from carried forwards Covid grants to cover existing commitments which will only be incurred in 21/22. Already included within the outturn figure is an 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.

General Fund Resources and Balances

62. 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 December shows that the General Fund closing balance will be around £4.013m 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

General Balances	£m
Opening Balance 2020/21	4.000
Forecast revenue budget underspend	0.013
Forecast General Fund Closing Balance 2020/21	4.013

63. Appendix 2 provides further information about the specific earmarked reserves and provisions available for use throughout 2020/21. In addition to the creation of Covid reserves as detailed above a further reserve has been created as a Business Rates Exceptional Payments reserve for £4.5m. This reserve is as a result of the grants and reliefs given during the Covid period and must be repaid over the 21/22-23/34 period so is not available for Council use.

Section B: Current Forecast Position – Capital

64. 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	53.445
Q1 Adjustment	(6.618)	7.068	0.000	0.450
Q2 Adjustment	(18.000)	19.896	0.000	1.896
Q3 Adjustment	(7.126)	7.212	0.000	0.086
Revised Budget	14.587	38.115	3.175	55.877

65. At quarter one there were adjustments to reflect the £450k new Leisure Centres funding and reprofiling of Alker Lane across financial years.
66. 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 17th 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.

67. At quarter three another appraisal of likely scheme timings has taken place. While the capital budget has not changed overall a number of schemes have been reprofiled into the new year including schemes across Council buildings and in the Town Centre. The change overall in the programme is an additional grant allocation of £104k to the Chorley Adaptations Grant.

Customer & Digital

68. 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.
69. As per the EMD on 17th November 2020 a Replacement Vehicle budget was included at quarter 2 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

70. The council has £1.647m estimated budget for this project for windows and render, other repairs and decoration work and for a Visitor route, new entrance, shop and staircase. The contract for the work has now been awarded and work is underway with a view to completion in 21/22

Early Intervention & Support

Leisure Centres

71. Leisure Centre improvement works of £300k are underway alongside the £450k approved at General Purposes Committee on the 16th September 2020 to cover set up as a result of the Leisure Centre Contract ending. Over £520k spend has been committed although it is expected around £150k will now be spent in 21/22 as a further understanding of equipment requirements is being undertaken.
72. 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

73. 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

74. Work on this project commenced on the 26th 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

75. Work to demolish the bus station commenced on 26th October was completed in November. Robertson Construction have been appointed on 8th 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 2nd November. A detailed update on this scheme went to Council on 17th November 2020 increasing the budget to £15.7m which was compensated for by a successful LEP bid of £5.2m.

Alker Lane

76. A planning application submitted to 2nd 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 16th 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 over £2m to the Lancashire Enterprise Partnership (LEP) has been successful and final award is awaited.

Public Realm Town Centre

77. 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 sites have been reprofiled into 21/22.

Westway Playing Fields Sports Development

78. 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 2021. The overall project is due for completion in 21/22 but there is some uncertainty over timing of spend due to weather and other factors.

Buckshaw Parkway

79. 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

Affordable Housing

80. A number of affordable housing purchases are in process and the timing of this means the expenditure could fall across the 20/21 and 21/22 financial years.

Capital Programme Financing 2020/21

Fund	Original Budget 2020/21 £'000	Quarter 1 2020/21 £'000	Quarter 2 2020/21 £'000	Quarter 3 2020/21 £'000	Change from Original Budget £'000
External Contributions	6.750	6.750	3.701	3.701	(3.049)
Grants	5.447	5.897	2.190	1.995	(3.452)
New Homes Bonus	0.347	0.347	0.347	0.107	(0.240)
Earmarked Reserves	1.397	1.397	1.530	0.638	(0.759)
Revenue	0.010	0.010	0.010	0.010	0.000
Capital Receipts	0.508	0.508	0.558	0.490	(0.018)
Borrowing	31.871	24.803	13.376	7.646	(24.225)
Capital Financing 20/21	46.331	39.713	21.713	14.587	(31.744)

81. 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.
82. The increase in grants in 20/21 was to reflect the additional £450k approved for Leisure Centres that is forecast to be funded through the £1.4m Covid-19 grant. This has subsequently been reprofiled into 21/22. There has been no overall reduction in funding.
83. The forecast increase in earmarked reserves at quarter two was mostly due to the additional funding relating to the planned enhancements to play areas, parks and open spaces. The reprofiling of expenditure has moved some of this funding into 21/22.
84. The significant changes at quarter two and quarter three reflect the reprofiling of expenditure as detailed above.

Implications of Report

85. 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

86. The financial implications are contained within this report

Comments of The Monitoring Officer

87. No Comment

James Thomson
Deputy Director of Finance (S151)

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
David Bond/Neil Halton	5488	28/1/21	***