

Report of	Meeting	Date
Director (Finance) (Introduced by Executive Member (Resources))	Executive Cabinet Council	Thursday, 16 September 2021 Tuesday, 28 th September 2021

Is this report confidential?	No
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Is this decision key?	Yes
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Savings or expenditure amounting to greater than £100,000	Significant impact on 2 or more council wards
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2021/22 Corporate Capital Programme and Balance Sheet Monitoring Report position as at 31st July 2021

Purpose of the Report

1. To report the overall financial position of the Council in respect of the capital programme as at 31st July 2021, highlighting key issues and explaining key variances over the first four months of the year, and to provide an overview of various elements of the Council's Balance Sheet as at 31st July 2021

Recommendations to Cabinet

2. To approve the revised capital programme as attached at **Appendix A**, which reflects all approved amendments to the programme over the four months to 31st July 2021 as detailed in section 11 of this report.
3. To approve the following variation to the programme (which has been included in **Appendix B**)
 - a. £100,000 increase to the Whittle GP Surgery programme due to telecommunications and car parking work to be funded from an increase in borrowing.

All other approvals are within existing delegated limits as detailed in section 11.

4. To note the position in the Balance Sheet monitoring section of the report in respect of cash, investment and loan balances and debtors, as at 31st July 2021.

Recommendations to Council

5. To approve the following variation to the programme (which has been included in **Appendix B**)
 - b. £150,000 budget to be funded from reserves for capital works to upgrade and unify the network to include access points for improved Wi-Fi coverage

Reasons for recommendations

6. To ensure the Council's Capital Programme is monitored effectively.

Other options considered and rejected

7. None

Executive summary

8. Based on the position as at 31st July 2021, there is a forecast change to the Capital Programme of £350k in terms of slippage across years and £699k increase in programme budgets as detailed in **Appendix B**.

Corporate priorities

9. The report relates to the following corporate priorities: (please bold all those applicable):

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 to the report

10. The capital budget for 2021/22 was set at £38.1m at Council in February 2021. This was increased following approval of the outturn to £46.2m and following the changes detailed in this report now stands at £46.6m the detail of which is shown in **Appendix B**.

Capital programme

Key issues

11. The total cost of the Council's capital investment programme for 2020/21 has increased over the quarter from **£46.2 million**, as approved by Cabinet in the 2020/21 Outturn Report on 17th June 2021, **to £46.6 million** at 31st July 2021; this includes the variations approved over the last 4 months and those contained within this report. A summary of the total costs of the programme, and the funding of this, is detailed at **Appendix A**.
12. The net increase in the programme of £0.349 million is detailed in **Appendix B**.
13. Variations made in respect of schemes that have been approved over the four months to 31st July have resulted in an increase of £0.699 million to the capital programme as follows:

Scheme	Increase (Reduction) 2021/22 £'000	Increase (Reduction) 2022/23 and future years £'000		Approved by	Date approved
Planning and Development					
Yarrow Meadows / The Willows / Various Play and Open Space Minor adjustments	(12)			Chief Executive/ Director of Finance	25 th August 2021
West Way	75 (note – of which 25 is a movement from below*)			Chief Executive/ Director of Finance	25th August 2021
Customer and Digital					
ICT Modernisation	150			Executive Cabinet / Council	This report
Commercial and Property					
Asset Improvements	(25*)			Chief Executive/ Director of Finance	25th August 2021
Tatton Gardens	410			Council	20 th July 2021
Whittle GP Surgery	100			Executive Cabinet	This Report

14. Slippage and re-profiling of budgets during the first four months of the year from 2021/22 to 2022/23 of £0.350 million.

15. As at 31st July 2021 the actual capital expenditure across the programme was £7.89 million, which represents 17% of the current, revised projected capital spend for the year.

Major variations in the 2021/22 Capital Programme in the four months to 31st July 2021

Major variations to note during the period are;

Planning and Development

16. There have been some minor changes to remove schemes that have now been completed and to apply S.106 receipts, where possible, on Play and Open Space projects.

17. On the West Way scheme, £25k has been vired from the Asset Improvements budgets to cover CCTV costs. A further £50k has been approved to bring the project to completion including signage and final landscaping.

18. The Chorley Health Centre - this is a scheme fully funded by CIL to be paid by way of grant and has been slipped from the 2021/22 programme to 2022/23 when payment is anticipated on completion of the scheme.

19. £100k of the Green Agenda programme budget has been slipped into 2021/22. Work is currently being undertaken on the allocation of this budget.

Customer and Digital

20. Approval is requested in this report for a scheme budget of £150k, funded from revenue reserves, for capital works to upgrade and unify the IT network, to include access points for improved Wi-Fi coverage. The total cost of this work is £300k which is to be split between the Chorley and South Ribble councils as this forms part of the wider strategy to develop and improve the joint infrastructure.

Commercial and Property

21. A report to full Council in July authorised an increase of £410k to the Tatton programme. Within the schemes in the directorate, a capital budget virement has also been approved from the Asset Improvements programme budget to the West Way scheme, as detailed above.

22. An increase of £100k is requested within this report to the Whittle GP scheme. As the scheme approaches completion costs have been identified in addition to existing budget to be funded from an increase in borrowing.

Balance Sheet Monitoring

Overview

22. Strong balance sheet management assists in the effective use and control over the Council's asset and liabilities. Key assets comprise of the Council's tangible fixed assets, debtors, investments and bank balances, and key liabilities include long and short-term borrowing, creditors and reserves.

Non-current Assets

23. Tangible, non-current assets include property, plant and equipment held by the Council for use in the production or supply of goods and services, for rental to others or for administrative purposes. One fifth of all assets are re-valued every year, and annual reviews are undertaken to establish whether any impairment or other adjustments need to be applied. New assets and enhancements to existing assets are managed through the Capital Programme as reported in **Appendices A and B**.

Borrowing and Investments

24. Long-term borrowing requirements flow from the capital programme. Regular dialogue and meetings take place between the Director of Finance, her staff and the Council's independent Treasury Consultants, Link Treasury Services, and options for optimising treasury management activities are actively reviewed.
25. Both short and long-term borrowing interest rates were at very low levels at the end of the period, having remained stable over the course of the first four months of the year. Interest rates on investments have remained negligible throughout the period. To date, it is projected that debt interest payable will be £405k lower than the 2021/22 Budget, as there has been no need to borrow as yet, due to the timing of cashflows within the capital programme and the level of cash balances held. This is partially offset by an overspend on the MRP budget of £133k due to the mix of funding used to fund the capital programme at outturn for 20/21.

	Original Budget 2021/22 £000s	Forecast as at 31 st July 2021/22 £000s
Interest and Investment Income	3	3
Debt Interest Payable	1,795	1,390
Minimum Revenue Provision (MRP)	1,252	1,385
TOTAL	3,050	2,778

26. The current borrowing and investment position, compared to the position at the same point last year, is as follows;

	As at 31 st July 2021	As at 31 st July 2020
Short term borrowing	£1.904m	£1.875m
Long term borrowing	£59.758m	£61.662m
Total Borrowing	£61.662m	£63.537m

Investments made by the Council	Zero	Zero
Cash Balances Held	£11.351m	£9.053m

Debtors

27. The Council has a corporate debt policy as well as other specific policies for the management of debt in the key areas of council tax, business rates and housing benefit overpayments. The table below summarises the collection performance of the various debts and the total outstanding debt in the respective areas as at 31st July 2021. The table also shows the corresponding level of debt at the same point in the last financial year.

	Position as at 31 st July 2021 £000s	Position as at 31 st July 2020 £000s
Council Tax		
Expected Council Tax 21/22	75,455	71,725
Current year balance outstanding	44,949	43,499
Previous years balance outstanding	4,110	2,888
Total Council Tax balance outstanding	49,059	46,387
Collection Rates	37.10%	36.20%
Business Rates		
Expected Business Rates 21/22	21,615	15,643
Current year balance outstanding	14,927	10,224
Previous years balance outstanding	1,290	922
Total Business Rates balance outstanding	16,217	11,146
Collection Rates	30.94%	34.68%
Housing Benefit		
Overpayment balances outstanding	1,107	1,224
Sundry Debtors	31st July 2021	31st March 2021
Balance Outstanding - General	422	242
Balance Outstanding - Commercial	2,072	1,333

28. Business rates collection can fluctuate month on month but collection is currently broadly in line with expectations. Expected Business Rates for 2021/22 are much higher compared to those for last year due to the Covid reliefs applied in 2020/21 which are no longer applicable in 2021/22.

29. In respect of the figures above the Council's share represents 9.7% of Council Tax income and 23% of Business Rates income.

30. The Sundry Debtors figure reflects the position compared to outturn. It is common for debts to be higher at this point in the financial year, as annual bills are issued, then reduce as the year progresses as customers make payment. However, given the economic climate the Council continues to temporarily support its tenants with debt

repayments. In addition there are also limitations on how we are able to chase and enforce debt recovery as a landlord. Increased levels of monitoring will be undertaken throughout this financial year

Climate change and air quality

23. The work noted in this report does not impact the climate change and sustainability targets of the Councils Green Agenda and all environmental considerations are in place.

Equality and diversity

24. N/A

Risk

25. As detailed in the report

Comments of the Statutory Finance Officer

26. The financial implications are contained within this report.

Comments of the Monitoring Officer

27. No Comment.

Background documents

There are no background papers to this report.

Appendices

Appendix A

Appendix B

Report Author:	Email:	Telephone:	Date:
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