

Report of	Meeting	Date
Director (Finance) (Introduced by Executive Member (Resources))	Executive Cabinet	16 th June 2022

2021/22 Corporate Capital Programme and Balance Sheet Monitoring Report outturn Position at 31st March 2022

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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Purpose of the Report

1. To report the outturn financial position of the Council in respect of the capital programme at 31st March 2022, highlighting key issues and explaining key variances, and to provide an overview of various elements of the Council's Balance Sheet at 31st March 2022.

Recommendations to Executive Cabinet

2. To approve the revised capital programme as attached at **Appendix A**, which includes approved amendments to the programme, detailed at point 11 and 12 of this report, since the last Capital Monitoring report was approved by Cabinet in February 2022. Two items are to be approved within this report:
 - £46k increase to Health Hub – Whittle Surgery to reflect the final costs of this scheme.
 - £104k Chorley Adaptation Grant to reflect an increase in the grant funding allocation to the Council
3. To note the variations to the programme (which are detailed by scheme at **Appendix B** and referenced within the body of the report);
4. To note the position in the Balance Sheet monitoring section of the report, in respect of cash, investment and loan balances and debtors, at 31st March 2022.

Reasons for recommendations

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

Other options considered and rejected

6. None.

Corporate priorities

7. The report relates to the following corporate priorities:

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

8. The capital budget for 2021/22 was set at £38.1m at Council in February 2021. This was increased following approval of the 2020/21 outturn to £46.2m. The monitoring report as at 31st July 2021 increased the total budget to £46.6m. This was reduced to £42.6m in the quarter two monitoring report and reduced further to £28.6m at quarter three.

Section A: Capital Programme

Key issues

9. The total cost of the Council's capital investment programme for 2021/22 has decreased since the quarter 3 monitoring report approved by Cabinet, **from £28.6m to £23.9m** as at 31st March 2022. The change reflects variations approved since the last report, along with those contained within this report. A summary of the total costs of the programme, and the funding of this, is detailed at **Appendix A**.
10. The breakdown of the net decrease in the programme of **£4.7m** is detailed in **Appendix B**.
11. Budget variations approved since the last monitoring report have resulted in a total increase of **£3.181m** to the capital programme, comprising an increase of £0.046m in 2021/22 and an increase of £3.135m in future years. The table below details the changes.

Table 1: Approved budget changes since the last monitoring report

Scheme	Increase / (Reduction) 2021/22 £'000	Increase / (Reduction) 2022/23 and future years £'000	Approved by	Date approved
An ambitious council that does more to meet the needs of residents and the local area				
Health Hub – Whittle Surgery	46	-	Executive Cabinet	Subject to approval of this report
Town Hall Decarbonisation	-	1,590	Council	19-Apr-22
A strong local economy				
Bengal Street	-	1,100	Council	22-Feb-22
Clean, safe and healthy homes and communities				
Chorley Adaptation Grant (increased allocation)	-	104	Executive Cabinet	Subject to approval of this report
Astley Cottage	-	341	Council	17-May-22

12. In addition to the Whittle Surgery and Chorley Adaptation Grant changes above there have also been virements from the Asset Improvements programme and Unit Above Iceland to reflect expenditure within Astley Cottage (£107k), Westway Playing Fields Sports Campus (£100k) and Digital Office Park (£100k).
13. Following the year end, a re-profiling of budgets from 2021/22 to future years has been undertaken. The total movement of budgets from 2021/22 amounts to **£4.784m**. The movements are shown in Appendix B and explanations are contained in the major variations section that follows.
14. As at 31st March 2022 the actual capital expenditure across the programme was **£23.865m**, which represents 83.4% of the forecast position as at quarter 3. There are some large-value projects nearing completion, where significant spending was due around year end; consequently, profiling the spend across the financial years has been difficult to assess.

Major variations in the 2021/22 Capital Programme since the previous report

A strong local economy

15. Alker Lane – The scheme is due to complete early in 2022/23. £3.608m of spend has been slipped into the new financial year.
16. There are several other smaller schemes for which budgeted expenditure has been reprofiled into 2022/23 to reflect the actual spend at outturn.

An ambitious council that does more to meet the needs of residents and the local area

17. Green Agenda – a further £134k has been slipped into 2022/23 reflecting the timing of schemes that will now only complete in early 2022/23.
18. ICT Mobile Devices, Citrix, CCTV, Software and Cloud-Based Services, Networking – £300k of spend had been expected in 2021/22 however the actual expenditure at 31st March 2022 was £127k; as such the balance on the scheme budget has been reprofiled into 2022/23.

Clean, safe and healthy homes and communities

19. Land Purchase for Tree Planting – in January 2022 Council approved the addition of the project to the capital programme, with a budget of £250k. At 31st March the land transaction had not yet been concluded.
20. Play, Recreation and Open Space – the majority of the budget (£2.280m) was slipped at quarter three into 2022/23, with a further £100k reprofiled at outturn into the new year.
21. Properties for Refugees – it was anticipated that a property purchase would complete in 2021/22 for £130k however this just slipped beyond 31st March into the new financial year.
22. Tatton – the scheme has encountered delays and as a result the budget was reprofiled at quarter three. However spend actually accelerated in the final quarter with £214k expended in the period above the revised, forecasted level.

Involving residents in improving their local area and equality of access for all

23. Astley Hall – The majority of the works are now complete and the slippage of £132k relates to the timing of the final elements of expenditure as the scheme comes to an end.
24. Westway Playing Fields Sports Campus – the remaining works to be completed relate to a play area. The budget was supplemented from Asset Improvements and the movement of expenditure has been reflected this quarter.

Section B: Balance Sheet Monitoring Overview

25. 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

26. 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

27. 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.

28. Both short and long-term borrowing interest rates have risen over the last few months, following the increases in the Bank of England Base Rate. Interest rates on investments have also increased in response to this, but nevertheless remain at low levels. Interest rates on investments have remained negligible throughout the period. Debt interest payable is £394k lower than the 2021/22 Budget, as borrowing of £10m was only made in March 2022 which was lower and later than planned within the MTFs. This is partially offset by an overspend on the MRP budget of £183k due to the differences in the mix of funding used to fund the capital programme in 2020/21 compared to those that had been assumed within the budget setting process for 2021/22.

	Original Budget 2021/22 £000s	Outturn at 31 st March 2022 £000s
Interest and Investment Income	(3)	(9)
Debt Interest Payable	1,795	1,401
Minimum Revenue Provision (MRP)	1,252	1,435
TOTAL	3,044	2,827

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

	As at 31 st Mar 2022	As at 31 st Mar 2021
Short term borrowing	Nil	Nil
Long term borrowing	£70.265	£62.160m
Total Borrowing	£70.265m	£62.160m
Investments made by the Council	Nil	Nil
Cash Balances Held	£9.317m	£9.108m

Debtors

30. 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 March 2022. The table also shows the corresponding level of debt at the same point in the last financial year.

	Position at 31 st Mar 2022 £000s	Position as at 31 st Mar 2021 £000s
Council Tax		
Expected Council Tax Collectable in 21/22 (20/21)	75,471	70,994
Current year balance outstanding	2,161	2,128
Previous years balance outstanding	3,503	2,683
Total Council Tax balance outstanding	5,664	4,811
Collection Rates Current Year	97.16%	96.98%
Business Rates		
Expected Business Rates Collectable in 21/22 (20/21)	22,283	14,295
Current year balance outstanding	702	961
Previous years balance outstanding	737	745
Total Business Rates balance outstanding	1,439	1,706
Collection Rates Current Year	96.75%	94.93%
Housing Benefit		
Overpayment balances outstanding	861	1,154
Sundry Debtors	31st Mar 2022	31st Dec 2021
Balance Outstanding - General	395	365
Balance Outstanding - Commercial	768	1,063

31. Business rates collection can fluctuate month-on-month but collection is broadly in line with expectations. 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.

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

33. The Sundry Debtors figure reflects the position compared to last quarter. The outstanding Commercial debt has again reduced significantly in the last quarter due to the resolution of issues with tenants at Market Walk and the payment of rent arrears. Given the economic climate, the Council continues to work with and support its tenants in their repayment of debt. In addition, there are also limitations on how we are able to chase and enforce debt recovery as a landlord. Due to the improved position, £142k was released into revenue from the bad debt provision for Market Walk.

Climate change and air quality

34. 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

35. N/A

Risk

36. As detailed in the report.

Comments of the Statutory Finance Officer

37. The financial implications are contained within the body of this report.

Comments of the Monitoring Officer

38. No Comment.

Background documents

There are no background papers to this report.

Appendices

Appendix A – Capital Programme 2021/22 Summary

Appendix B – Scheme Variations

Report Author:	Email:	Telephone:	Date:
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