

Report of	Meeting	Date
Director (Finance) (Introduced by Executive Member (Resources))	Executive Cabinet	10/11/2022

2022/23 Corporate Capital Programme and Balance Sheet Monitoring Report Position at 30th September 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 financial position of the Council in respect of the capital programme at 30th September 2022, highlighting key issues and explaining key variances, and to provide an overview of various elements of the Council's Balance Sheet at 30th September 2022.

Recommendations to Executive Cabinet

2. To approve the revised capital programme as attached at **Appendix A**, which includes an amendment to the programme of £23k, as detailed at point 11 of this report.
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 30th September 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 2022/23 was set at £24.2m at Council in February 2022. This was increased following approval of the 2021/22 outturn to £32.2m, then further amended in the Capital Monitoring Report as at 31st July 2022 to £27.6m.
9. Following the changes detailed in this report, the total programme now stands at £25.5m, the detail of which is shown in Appendix B.

Section A: Capital Programme

Key issues

10. The total cost of the Council's capital investment programme for 2022/23 has decreased since the 2021/22 outturn report approved by Cabinet, **from £27.6m to £25.5m** as at 30th September 2022. The change reflects variations approved since the last monitoring 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**.
11. The breakdown of the net decrease in the programme of **£2.1m** is detailed in **Appendix B**. The net variation includes those variations approved since the previous monitoring report and variations in respect of the reprofiling of budgets within the existing programme
12. The report contains a request to increase the capital programme by **£0.023m** as below.

Table 1: Budget changes

Scheme	Increase / (Reduction) 2022/23 £'000	Increase / (Reduction) 2023/24 and future years £'000	Approved by	Date approved
Clean, safe and healthy homes and communities				
Play, Recreation and Open Space Projects -Westway Nature Reserve (see point 19)	23		Approval requested in this report	
TOTAL	23			

13. A re-profiling of budgets from 2022/23 to future years has been undertaken. The total movement of budgets from 2022/23 amounts to **£2.1m**. The movements are shown in Appendix B and explanations are contained in the major variations section of the report that follows.

Table 2: Slippage and reprofiling across years

Scheme	Slippage and Reprofiling £'000
Chapel Street and surrounding public realm	1,000
Bengal Street	1,100
Total	2,100

14. As at 30th September the actual capital expenditure across the programme was **£6.486m**, which represents 25% of the forecast programme spend as at 30th September.

Major variations in the 2022/23 Capital Programme since the previous report

A strong local economy

15. Alker Lane Development – The business and industrial hub is due to complete and become operational within the next month.
16. Chapel St and Surrounding Public Realm – Works on Chapel Street shop fronts and the Queen Street Car Park refurbishment will be undertaken in this financial year. £1.0m of this budget has been reprofiled to 23/24 as this is not anticipated to be spent in 21/22.
17. Bengal Street – Option studies on the relocation of the Depot are currently being undertaken; once a suitable alternative site has been found a full schedule for delivery of the programme will be reported. It is not anticipated that any major works will commence in this financial year.

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

18. IT Schemes – the initial roll out of the ICT equipment is ongoing, with works on the servers and CCTV to follow in the coming months.

Clean, safe and healthy homes and communities

19. Play, Recreation and Open Space – Approval is sought in the report to increase the budget by £23k for works at Westway Nature Reserve; this would be funded by £10k of S106 funding and a £13k revenue contribution and will complete in this year.
20. Tatton - As previously reported there are some budget pressures emerging relating to the Tatton development regarding increases in utilities cost, delays arising from third party statutory undertakers and an increase S278 Highways works. An update report on the position is expected to be presented to Council in November 2022.

Section B: Balance Sheet Monitoring

Overview

21. 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

22. 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

23. 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.
24. 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, and this trend is predicted to continue until at least September 2023. Debt interest payable is currently £194k lower than the 2022/23 Budget, however further borrowing may be required dependent upon the timing of payments to be made in delivering the Capital Programme. There is an underspend on the MRP budget of £345k due to the differences in the mix of funding used to fund the capital programme in 2021/22 and the slippage of schemes into 2022/23.

Interest rates on investments are also now increasing, with a forecast yield of £46k compared to the budget of £3k.

A full “Mid Year Treasury Management Review” will be reported to Governance Committee on 23rd November in accordance with the Treasury Management Code of Practice.

	Original Budget 2022/23 £000s	Forecast Outturn at 30th Sep 2022 £000s
Interest and Investment Income	(3)	(46)
Debt Interest Payable	1,945	1,751
Minimum Revenue Provision (MRP)	1,641	1,296
TOTAL	3,583	3,001

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

	As at 30th Sep 2022	As at 30th Sep 2021
Short term borrowing	£1.932m	£0m
Long term borrowing	£67.375m	£61.216m
Total Borrowing	£69.307m	£61.216m
Investments made by the Council	Nil	Nil
Cash Balances Held	£3.683m	£6.110m

Debtors

26. 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 30th September 2022. The table also shows the corresponding level of debt at the same point in the last financial year.

	Position at 30th Sept 2022 £000s	Position as at 30th Sept 2021 £000s
Council Tax		
Expected Council Tax Collectable in 22/23 (21/22)	79,214	75,510
Current year balance outstanding	32,173	31,354
Previous years balance outstanding	4,413	3,972
Total Council Tax balance outstanding	36,586	35,326

Collection Rates Current Year	55.34%	55.10%
Business Rates		
Expected Business Rates Collectable in 22/23 (21/22)	25,055	22,427
Current year balance outstanding	10,930	11,069
Previous years balance outstanding	1,050	1,126
Total Business Rates balance outstanding	11,980	12,195
Collection Rates Current Year	51.97%	50.66%
Housing Benefit		
Overpayment balances outstanding	978	1,083
Sundry Debtors		
Balance Outstanding - General	389	427
Balance Outstanding - Commercial	1,239	1,666

27. Business rates collection can fluctuate month-on-month but collection is broadly in line with expectations.
28. In respect of the figures above, the Council's share represents 9.6% of Council Tax income and 20.8% of Business Rates income.
29. The Sundry Debtors figure reflects the position compared to the same period last year. The outstanding Commercial debt has significantly reduced as agreements have been reached on deferred rent during the pandemic and leases have been confirmed, especially at Market Walk. As a result, it is forecast that no further requirement will be needed to the bad debt provision in 2022/23.

Climate change and air quality

30. 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

31. N/A

Risk

32. Risks are broadly addressed in the body of the report however recent tender results and cost changes have been seen due to inflationary pressures. These will be monitored on an individual project basis and any budget changes reported when necessary.
33. The VAT partial exemption has been completed as at 30th September 2022, there are no expected issues as this is currently within the 5% threshold.

Comments of the Statutory Finance Officer

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

Comments of the Monitoring Officer

35. No Comment.

Background documents

There are no background papers to this report.

Appendices

Appendix A – Capital Programme Summary

Appendix B – Scheme Variations

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