

Report of	Meeting	Date
Director (Finance) (Introduced by Executive Member (Resources))	Executive Cabinet	15/06/2023

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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2022/23 Corporate Capital Programme and Balance Sheet Monitoring Report Position at 31st March 2023

Purpose of the Report

1. To report the financial position of the Council in respect of the capital programme at 31st March 2023, highlighting key issues and explaining key variances, and to provide an overview of various elements of the Council's Balance Sheet at 31st March 2023.

Recommendations to Executive Cabinet

2. To approve the revised capital programme as attached at **Appendix A**, which includes approved amendments to the programme, as detailed in point 12 to 14 of this report, since the last Capital Monitoring report was approved by Cabinet in February 2023.
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 2023.

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 subsequent quarterly Capital Monitoring Reports through to Quarter 3 at 31st December 2022 to £15.8m.
9. Following the changes detailed in this report, the total programme for 22/23 now stands at £13.5m, 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 Quarter 3 report approved by Cabinet, from £15.8m to £13.5m as at 31st March 2023. The net decrease of £2.3m reflects variations approved since the last monitoring report, along with those contained within this report, and variations in respect of the reprofiling of budgets within the existing programme
11. A summary of the total costs of the programme, and the funding of this, is detailed at **Appendix A**, with a more detailed breakdown on a scheme by scheme basis detailed at **Appendix B**
12. The report reflects an overall increase in the capital programme of **£429k** as below.

Table 1: Budget changes

	Increase / (Reduction) 2022/23 £'000	Increase / (Reduction) 2023/24 and future years £'000	Virement From	Virement To	Approved by	Date approved
Clean, safe and healthy homes and communities						
Market Walk Extension			(34)		Subject to approval in this report	N/A
Markets - work to existing markets				34	Subject to approval in this report	N/A
Whittle Surgery	(44)				Approval requested in this report	N/A
ICT Networks				95	Approval requested in this report	N/A
ICT Mobile Devices, Citrix, CCTV, Software and Cloud-based upgrades			(95)		Approval requested in this report	N/A
Chorley Adaptation Grant	70	104			Increase budget to match actual grant allocations . Subject To approval in this report	N/A
Play and Open Space Longfield Avenue And King George the V Playing Fields	21	26			Approval requested in this report	N/A
Properties for Refugees			(2)		Subject to approval in this report	N/A
Purchase of Affordable Housing				2	Subject to approval in this report	N/A
Tatton	238				Paper to be presented to July Council meeting	18th July 2023
Bank Hall Restoration	14				Increase budget to match actual grant allocations . Subject To approval in this report	N/A
TOTAL	299	130	(131)	131		

13. A re-profiling of budgets between 2022/23 and 2023/24 has been undertaken. The total movement of budgets from 2022/23 amounts to **£2.648m**. 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
Strawberry Meadows Development	(456)
Asset Improvements	(20)
Buckshaw Village Rail Station	1
Chapel St and Surrounding Public Realm	50
Digital Office Park	111
Market Walk Extension	75
Public Realm Town Centre	206
Town Hall and White Hart Works	189
Unit Above Iceland	15
Delivering Green Agenda	(15)
Town Hall Decarbonisation	10
ICT Mobile Devices, Citrix, CCTV, Software and Cloud-based upgrades	388
Chorley Adaptation Grant (Formerly DFG)	(83)
Land for Tree Planting	250
Leisure Centre Transfer	244
Leisure Centres Improvements	99
Leisure Centres Improvements - New Contract	296
Play, Recreation and Open Space Projects	784
Properties for Refugees	175
Chorley Lodge	(40)
Astley/Astley Cottage	249
Westway Playing Fields Sports Campus	120
Total	2,648

14. As at 31st March the actual capital expenditure across the programme was **£13.5 million**, which represents 85.4% of the forecast position as at quarter 3.

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

A strong local economy

15. Strawberry Meadows Development – A budget of £456k was brought forward from 2023/24 to cover costs incurred in year for the business and industrial hub works.

16. Asset Improvements - £20k has been reprofiled from the 2023/24 programme into 2022/23 to reflect the spend incurred.
17. Chapel St and Surrounding Public Realm – £50k has been reprofiled into 2023/24 as anticipated works were not progressed prior to the financial year end.
18. Digital Office Park – £111k has been reprofiled into 2023/24 to fund the completion costs of these works.
19. Market Walk Extension – A budget virement of £34k is requested from the Market Walk Extension scheme to the Covered Market project for completion of the alteration work. The remaining budget on the scheme of £75k has been reprofiled into 2023/24.
20. Public Realm Town Centre – It was anticipated that the resurfacing works at Queens Street Car Park would commence before the end of the financial year, however this has not been the case. A report will be presented to the Executive Cabinet in relation to this scheme. This delay has resulted in a reprofile budget of £206k into 2023/24.
21. There are several other schemes where budgets have been slipped into 2023/24 to more accurately reflect the likely spending profile including the Town Hall and White Hart Works (£189k).

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

22. Delivering Green Agenda - £15k has been brought forward from 2023/24 to reflect the full spend incurred in 2022/23.
23. Whittle Surgery – This scheme is now complete. At 31st March 2023 there was a credit balance totalling £44k relating to an over accrual of the final account figure at the 2021/22 year end. This credit balance has now been adjusted in the year and used to offset costs across the 2022/23 capital programme.
24. ICT Mobile Devices, Citrix, CCTV, Software and Cloud Based Services – A virement of £95k from this scheme to the ICT networks budget is required to cover the full costs of the ICT network, including the costs to upgrade the server and network room. Following this virement it was expected that £1.025m would be incurred in 2022/23, however the actual expenditure at 31st March 2023 was £637k; as such the balance on the scheme budget has been reprofiled into 2023/24.

Clean, safe and healthy homes and communities

25. Chorley Adaptation Grant – There is an increase to budget of £70k in 2022/2023 and £104k in 2023/24 to reflect the additional grants and contributions received for the works undertaken, and to be undertaken next year.
26. Land for Tree Planting – At 31st March 2023 a land transaction had not been concluded, resulting in the reprofiling of budget of £250k into 2023/24.

27. Leisure Centre Transfer and Leisure Centre Improvements – Budget of £343k has been reprofiled into 2023/24; an Executive Cabinet report will follow detailing the recommended leisure centre improvements for approval.

28. Leisure Centre Improvements – It was expected that the restoration works at Brinscall Baths would commence prior to the financial year end. However these have not yet progressed and as such, budget of £296k has been slipped into 2023/24.

29. Play, Recreation and Open Space Projects – There is an increase to the budget of £21k, fully funded from S106 contributions, for works at the Hawthorns, Station Road Croston, Heather Hill Cottage, Twinlakes, Foxcote and Longfield Avenue.

Slippage of £784k into 2023/24 is also reported, mainly relating to delays on the King George V playing fields scheme, due to utility connection problems and bad weather. A small budget pressure of £26k has been identified on this scheme and a request to increase the budget to cover this is now made. The overspend is a result of increased costs on additional electric and water pipe works, and inflationary increased costs. This will be funded from available resources within capital receipts.

30. Properties for Refugees –£2k has been vired to the purchase of affordable housing scheme for the costs incurred in year on a number of affordable housing properties.

A further unspent budget of £175k has been reprofiled into 2023/24 as anticipated purchases had not completed prior to the financial year end 2023/24.

31. Chorley Lodge – the purchase of the lodge was completed prior to 31st March 2023 at a cost of £40k, the budget remaining in 2023/24 is for the required refurbishment works.

32. Tatton – As at 31st March 2023 there is a reported overspend of £238k relating to costs for furniture, fixtures and fittings, and architect fees. Further details will be presented on the scheme to the July Council meeting for consideration and approval.

Section B: Balance Sheet Monitoring

Overview

33. 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

34. 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

35. 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.

36. 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 was £391k lower than the 2022/23 Budget. There is an underspend on the Minimum Revenue Provision (MRP) budget of £348k due to changes made in the mix of funding used to fund the capital programme in 2021/22, compared to that assumed in the budget setting process for 2022/23, and in the slippage of some schemes from 2021/22 into 2022/23.

Interest returns on investments have also increased in line with the rise in interest rates, with a yield of £96k compared to the budget of £3k.

	Outturn at 31st March 2023 £'000s	Original Budget 2022/23 £'000s
Interest and Investment Income	(96)	(3)
Debt Interest Payable	1,554	1,945
Minimum Revenue Provision (MRP)	1,293	1,641
TOTAL	3,032	3,583

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

	As at 31st March 2023	As at 31st March 2022
Short term borrowing	£11.838m	Nil
Long term borrowing	£66.503m	£70.265m
Total Borrowing	£78.341m	£70.265m
Investments made by the Council	Nil	Nil
Cash Balances Held	£1.25m	£9.317m

Debtors

38. 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 2023. The table also shows the corresponding level of debt at the same point in the last financial year.

	Position at 31st March 2023 £'000s	Position as at 31st March 2022 £'000s
Council Tax		
Expected Council Tax Collectable in 22/23 (21/22)	78,973	75,471
Current year balance outstanding	1,856	2,161
Previous years balance outstanding	3,728	3,503
Total Council Tax balance outstanding	5,584	5,664
Collection Rates Current Year	97.19%	97.16%
Business Rates		
Expected Business Rates Collectable in 22/23 (21/22)	24,981	22,283
Current year balance outstanding	807	702
Previous years balance outstanding	766	737
Total Business Rates balance outstanding	1,573	1,439
Collection Rates Current Year	96.26%	96.75%
Housing Benefit		
Overpayment balances outstanding	911	861
Sundry Debtors		
Balance Outstanding - General	328	395
Balance Outstanding - Commercial	1,016	768

39. Business rates collection can fluctuate month-on-month but collection is broadly in line with expectations.
40. In respect of the figures above, the Council's share represents approximately 9% of Council Tax income and 40% of Business Rates income.
41. The Sundry Debtors figure reflects the position compared to the same period last year. The outstanding Commercial debt reflects agreements reached on deferred rent during the pandemic and lease agreements that have now been confirmed, at Market Walk. An increase to the bad debt provision was required in 2022/23 due to a number of backdated rent assessments.

Climate change and air quality

42. 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

43. N/A

Risk

44. 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.

Comments of the Statutory Finance Officer

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

Comments of the Monitoring Officer

46. 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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