

Report of	Meeting	Date
Director (Finance) (Introduced by Executive Member (Resources))	Executive Cabinet	09/11/2023

Is this report confidential?	No
------------------------------	----

Is this decision key?	Yes
-----------------------	-----

Savings or expenditure amounting to greater than £100,000	Significant impact on 2 or more council wards
---	---

## 2023/24 Corporate Capital Programme and Balance Sheet Monitoring Report Outturn Position at 30<sup>th</sup> September 2023

### Purpose of the Report

1. To report the outturn financial position of the Council in respect of the capital programme at 30<sup>th</sup> September 2023, highlighting key issues and explaining key variances, and to provide an overview of various elements of the Council's Balance Sheet at 30<sup>th</sup> September 2023.

### Recommendations to Executive Cabinet

2. To approve the revised capital programme as attached at **Appendix A**, which includes an amendment to the programme of £190k, 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 30<sup>th</sup> September 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:

<b>An enterprising economy with vibrant local centres in urban and local areas</b>	<b>Green and sustainable Borough</b>
<b>Housing where residents live well</b>	<b>Healthy, safe and engaged communities</b>

## Background to the report

8. The capital budget for 2023/24 was set at £21.103m at Council in February 2023. This was increased following approval of the 2022/23 outturn to £22.998m, then further amended in the Capital Monitoring Report as at 31<sup>st</sup> July 2023 to £18.190m.
9. Following the changes detailed in this report, the total programme now stands at £13.930m, the details 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 2023/24 has decreased since the 2023/24 Quarter 1 report approved by Cabinet, **from £18.190m to £13.930m** as at 30<sup>th</sup> September 2023. 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**.
11. The breakdown of the net decrease in the programme of **£4.260m** 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. Budget variations approved since the last monitoring report have resulted in a total increase of **£190k** to the capital programme. The table below details the changes.

Table 1: Approved budget changes since the last monitoring report

	Increase / (Reduction) 2023/24 £'000	Increase / (Reduction) 2024/25 and future years £'000	Virement From	Virement To	Approved by	Date approved
Market Walk Extension			(5)		This report	N/A
Markets - Works to Existing Market				5	This report	N/A
Chorley Adaptation Grant (Formerly DFG)	77				This report	N/A
Play, Recreation and Open Space Projects - Gillett Playing Fields	73				Cabinet	20/03/23
Play, Recreation and Open Space Projects Wigan Road	40				This report	N/A
<b>TOTAL</b>	<b>190</b>	<b>-</b>	<b>(5)</b>	<b>5</b>		

13. A re-profiling of budgets from 2023/24 to future years has been undertaken. The total movement of budgets from 2023/24 amounts to **£4.450m**. The movements are shown in Appendix B and explanations are contained in the major variations section that follows.

Table 2: Slippage and reprofiling across years

<b>Scheme</b>	<b>Slippage and Reprofiling £'000</b>
Strawberry Meadows Development	752
Chorley Borough Service Centres	500
Market Walk Extension	70
Public Realm Town Centre	490
Town Hall and White Hart Works	200
Bengal Street	900
Town Hall Decarbonisation	1,538
<b>Total</b>	<b>4,450</b>

14. As at 30<sup>th</sup> September 2023 the actual capital expenditure across the programme was **£967k**, which represents 6.9% of the forecast position as at the 30<sup>th</sup> September. There are, however, significant costs in terms of acquisitions and ongoing works that will be spent in the coming months.

### **Major variations in the 2023/24 Capital Programme since the previous report**

#### An Enterprising Economy With Vibrant Local Centres In Urban And Local Areas

15. Strawberry Meadows Development – £752k of the scheme budget has been reprofiled into future years to cover the cost of future works at Mossfield Nature Reserve and Alker Lane Bridge.
16. Chorley Borough Service Centres – LCC will administer the Rural Business Grant Scheme on behalf of Chorley Borough Council. The budget has been reprofiled into future years to match when the grant payments will be made.
17. Market Walk Extension - Budget of £70k has been slipped into 2024/25 as there is no programme of work at this time. Approval to vire a further £5k from this budget to the 'Markets – Works to Existing Market' scheme is sought to cover the costs of legacy works at the market.
18. Public Realm Town Centre – The Council's bid for Round 2 of Levelling Up Funding was unsuccessful and meant that the ambitious plans for the public realm could not be realised within the approved available budget of £2.869m. It is planned that the Council will make a further bid when the next round of Levelling Up Funding is announced. Therefore £490k has been reprofiled into future years.

19. Town Hall And White Hart Works - Minimal spend is expected on this scheme in the year as the scheme of works has not yet been finalised, therefore budget of £200k has been reprofiled into 2024/25.
20. Bengal Street – The main works are anticipated to begin in 2024/25. These are funded by One Public Estate grant and discussions are ongoing with the OPE Team regarding the extension of the grant, and the demonstration of the programme of work and timeframes for delivery has already been provided to them. As a result £900k has been reprofiled into 2024/25 to match when the spend will be incurred.

#### Green And Sustainable Borough

21. Town Hall Decarbonisation – Budget of £1.538m has been reprofiled into 2024/25, as the plans for these works are not yet finalised.

#### Housing Where Residents Live Well

22. Chorley Adaptation Grant (Formerly DFG) – On 7<sup>th</sup> September 2023 the Department of Levelling up announced additional Disabled Facilities Grant funding. A request is made to increase this budget by £76,700 to reflect the additional funding awarded to Chorley Borough Council.
23. Leisure Centre Improvements New Contract - A proposal and specification is currently being drawn up for the decarbonisation and refurbishment of the Council owned leisure centres. A future report will be presented to Council detailing the required works, costs and funding.

The budget for the refurbishment costs at Brinscall Baths of £600k is contained within the 'Leisure Centre Improvements New Contract' scheme, which leaves budget remaining of £1.640m for the proposed decarbonisation and refurbishment.

Some interim works, including reception works, first floor alteration works and ground floor spin studio will be undertaken during 2023/24 from the approved 'Leisure centre improvements' scheme budget of £199k.

24. Play Recreation and Open Space Projects – There are two increases to budget; the first increase of £73k relates to Gillett Playing Fields as per the report approved at Executive Cabinet on 20 March 2023.

The second increase is for approval to increase the budget by £40k to complete the works at Wigan Lane Playing Fields. This will be funded by S106 contributions of £14k and capital receipts of £26k.

## **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. The key variances compared to budget are a £100k forecast underspend on debt interest payable, as borrowing has been deferred due to higher than expected cashflow balances, and as a result of these cash balances, interest and investment income is forecast to over-recover against the budget by £280k. There is also an underspend on the MRP budget of £103k due to the differences in the mix of funding used to fund the capital programme in 2022/23 and the slippage of schemes into 2023/24.

	Original Budget 2023/24 £000s	Forecast Outturn at 30 <sup>th</sup> Sept 2023 £000s
Interest and Investment Income	(20)	(300)
Debt Interest Payable	2,197	2,097
Minimum Revenue Provision (MRP)	1,530	1,427
<b>TOTAL</b>	<b>3,707</b>	<b>3,224</b>

29. The current borrowing and investment position, compared to the position at the same point last year, is as per the table below. Based on current cashflow forecasts, further borrowing of £10m is anticipated before the year end.

	As at 30 <sup>th</sup> Sept 2023	As at 30 <sup>th</sup> Sept 2022
Short term borrowing	£11.667m	£1.932m
Long term borrowing	£65.701m	£67.375m
<b>Total Borrowing</b>	<b>£77.368m</b>	<b>£69.307m</b>
Investments made by the Council	£5m	Nil
Cash Balances Held	£8.498m	£3.683m

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 30<sup>th</sup> September 2023. The table also shows the corresponding level of debt at the same point in the last financial year.

	<b>Position at 30<sup>th</sup> Sept 2023 £000s</b>	<b>Position as at 30<sup>th</sup> Sept 2022 £000s</b>
<b>Council Tax</b>		
Expected Council Tax Collectable in 23/24 (22/23)	82,640	79,214
Current year balance outstanding	34,318	32,173
Previous years balance outstanding	4,901	4,413
<b>Total Council Tax balance outstanding</b>	<b>39,219</b>	<b>36,586</b>
Collection Rates Current Year	54.91%	55.34%
<b>Business Rates</b>		
Expected Business Rates Collectable in 23/24 (22/23)	25,907	25,055
Current year balance outstanding	11,454	10,930
Previous years balance outstanding	1,243	1,050
<b>Total Business Rates balance outstanding</b>	<b>12,697</b>	<b>11,980</b>
Collection Rates Current Year	50.16%	51.97%
<b>Housing Benefit</b>		
Overpayment balances outstanding	737	978
<b>Sundry Debtors</b>		
Balance Outstanding – General*	440	389
Balance Outstanding – Commercial*	1,158	1,239

*\*Figure excludes invoices relating to public sector, one off development contributions, rents billed in advance, Chorley leisure debtor invoices*

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

32. In respect of the figures above, the Council's share represents 9% of Council Tax income and 40% of Business Rates income.

33. The Sundry Debtors figure reflects the position compared to the same period last year. As debt ages, the provision required increases, as the likelihood of non-payment also increase the longer that debt is outstanding. There is a number of long-term debts at Chorley that are being reviewed with the Commercial team.

### **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. 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.

37. The partial exemption calculation has been completed as at 30 September 2023, there are no expected issues as this is currently within the 5% threshold.

**Comments of the Statutory Finance Officer**

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

**Comments of the Monitoring Officer**

39. No Comment.

**Background documents**

There are no background papers to this report.

**Appendices**

Appendix A – Capital Programme Summary

Appendix B – Scheme Variations

Report Author:	Email:	Telephone:	Date:
Gaynor Simons	Gaynor.Simons@chorley.gov.uk	N/A	09/10/23