

Report of	Meeting	Date
Director (Finance) (Introduced by Executive Member (Resources))	Executive Cabinet	22/02/2024

Is this report confidential?	No
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Is this decision key?	No
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2023/24 Corporate Capital Programme and Balance Sheet Monitoring Report Outturn Position at 31st December 2023

Purpose of the Report

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

Recommendations to Executive Cabinet

2. To approve the revised capital programme, attached at **Appendix A**, which includes an amendment to the programme of £6.754m, 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 31st December 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:

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

Background to the report

8. The Capital Budget for 2023/24 was set at £21.103m by Council in February 2023. This was increased following approval of the 2022/23 outturn to £22.998m, then further amended in the Quarter 1 and Quarter 2 Capital Monitoring Reports covering the first 6 months of the year to £13.930m, as approved at Executive Cabinet in November 2023.
9. Following the changes detailed in this report, the total programme now stands at £15.822m, the details of which are 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 increased since the 2023/24 Quarter 2 report approved by Cabinet, **from £13.930m to £15.822m** as at 31st December 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 increase in the programme of **£1.892m** 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 **£6.754m** 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
Woodlands Development Site	5,449	1,118			Full Council	21/11/23
Land For Tree Planting	2				This report	N/A
Play and Recreation and Open Space Projects:						
Milestone Meadow	3				This Report	N/A
Astley Park Play Area	8				This Report	N/A
Euxton Villa Grant	100				Executive Member Decision	18/12/23
King George UKSPF Footpath and Landscaping	74				Full Council	18/07/23
Play and Recreation and Open Space Projects:				(2)	This report	N/A
Tatton				2	This Report	N/A
TOTAL	5,636	1,118	(2)	2		

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 **£3.745m**. 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

Scheme	Slippage and Reprofiling £'000
Chapel St and Surrounding Public Realm	400
Town Hall and White Hart Works	(90)
Unit Above Iceland	70
Chorley Adaptation Grant (formerly Disabled Facilities Grant (DFG))	200
Leisure Centres – capital works and maintenance	80
Leisure Centres Improvements	410
Properties for Refugees	375
Purchase of Affordable Housing	2,000
Chorley Lodge	300
Total	3,745

14. As at 31st December 2023 the actual capital expenditure across the programme was **£9.646m**, which represents 61% of the forecast position as at the 31st December 2023.

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. Chapel Street and Surrounding Public Realm – £400k of the scheme budget has been reprofiled into future years as it is anticipated that this scheme will be included in the Levelling Up Chorley Town Centre future capital scheme. A report will be brought forward on the development of the Levelling Up scheme, to incorporate this into the capital programme and to include the total funding and scope of the scheme.
16. Town Hall and White Hart Works – £90k budget is being brought forward into 2023/24 from future years to cover the cost of the works required to the Lancastrian Suite in the Town Hall.
17. Unit Above Iceland - budget of £70k has been slipped from 2023/24 into 2024/25 as there is no programme of work at this time.

Housing Where Residents Live Well

18. Chorley Adaptation Grant (formerly DFG) – on track for all 2023/24 budget to be committed by the end of the financial year and £200k has been reprofiled into 2024/25 to match the timing of the actual undertaking of the works.
19. Land For Tree Planting – there is a small overspend of £2k on this scheme, relating to Stamp Duty Land Tax. This increase will be covered by borrowing.
20. Leisure Centre Capital Works and Maintenance – interim works, including reception works, first floor alteration works, a ground floor spin studio and electrical works are underway; the remaining £80k budget has been reprofiled into 2024/25.

21. Leisure Centre Improvements - as per the Executive Member Decision report dated 13 October 2023 the contract for the refurbishment works at Brinscall Baths has been approved. The costs are £694,915, including a contingency of £50k. This leaves a budget of £1.545m for the future refurbishment works across the Chorley Leisure sites.
22. Play Recreation and Open Space Projects – There are several increases to the Play, Recreation and Open Spaces capital programme.
- increases to the programme for £3k for Milestone Meadow and £8k for the Astley Park Play Area, both to be funded by S106 contributions;
 - as per Executive Member Decision report approved on 18 December 2023, an increase to the programme is reported of £100k;
 - additional UKSPF (UK Shared Prosperity Fund) funding of £74k was approved at Full Council on 18 July 2023 for footpath and landscaping works at King George Playing Fields.
23. Tatton – a virement of £3k from the Play, Recreation and Open Space Scheme is requested to reflect the S106 contribution received for Tatton Recreation Ground, for which the costs of the works have been included in the Tatton capital scheme.

Section B: Balance Sheet Monitoring

Overview

24. Strong balance sheet management assists in the effective use and the 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

25. 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

26. 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.
27. Both short and long-term borrowing interest rates have risen over the last few years following increases in the Bank of England Base Rate from 0.1% in April 2020 up to the current rate of 5.25%, effective since September 2023. 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 because 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 Minimum Revenue Provision (MRP) budget of £125k due to the differences in the mix of funding used to fund the capital programme in 2022/23 and the slippage of some schemes from 2022/23 into 2023/24.

	Original Budget 2023/24 £000s	Forecast Outturn at 31st Dec 2023 £000s
Interest and Investment Income	(20)	(300)
Debt Interest Payable	2,197	2,097
Minimum Revenue Provision (MRP)	1,530	1,405
Total Net Borrowing Costs	3,707	3,202

28. 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 31st Dec 2023	As at 31st Dec 2022
Short term borrowing	£10.000m	£1.833m
Long term borrowing	£66.502m	£67.043m
Total Borrowing	£76.502m	£68.876m
Investments made by the Council	£5.450m	Nil
Cash Balances Held	£8.382m	£3.683m

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

	Position as at 31st Dec 2023 £000s	Position as at 31st Dec 2022 £000s
Council Tax		
Expected Council Tax Collectable in 23/24 (22/23)	82,679	78,996
Current year balance outstanding	12,194	10,852
Previous years balance outstanding	4,671	4,157
Total Council Tax balance outstanding	16,865	15,009
Collection Rates Current Year	81.6%	82.11%
Business Rates		
Expected Business Rates Collectable in 23/24 (22/23)	25,961	25,075
Current year balance outstanding	4,331	4,694
Previous years balance outstanding	1,185	1,001
Total Business Rates balance outstanding	5,516	5,695
Collection Rates Current Year	74.13%	75.82%
Housing Benefit		
Overpayment balances outstanding	849	846
Sundry Debtors		

Balance Outstanding – General*	459	364
Balance Outstanding – Commercial*	1,164	1,143

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

30. Business rate collection can fluctuate month-on-month, but collection is broadly in line with expectations.
31. In respect of the figures above, the Council's share represents 9% of Council Tax income and 40% of Business Rates income.
32. 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.

Climate change and air quality

33. 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

34. N/A

Risk

35. 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

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

Comments of the Monitoring Officer

37. 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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