

LReport of	Meeting	Date
Director (Finance) (Introduced by Executive Member (Resources))	Executive Cabinet	13/06/2024

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 March 2024

Purpose of the Report

1. To report the outturn financial position of the Council in respect of the capital programme at 31st March 2024, highlighting key issues and explaining key variances, and to provide an overview of various elements of the Council's Balance Sheet at 31st March 2024

Recommendations to Executive Cabinet

2. To approve the revised capital programme, attached at **Appendix A**, which includes an amendment to the programme of £3.989m, as detailed at point 12 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, as at 31st March 2024.

Reasons for recommendations

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

Other options considered and rejected

6. None, it is a requirement to report quarterly on the Capital and Balance Sheet budget monitoring.

Corporate priorities

7. The report relates to the following corporate priorities:

Housing where residents live well	A green and sustainable Borough
An enterprising economy with vibrant local centres in urban and rural areas	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, Quarter 2 and Quarter 3 Capital Monitoring Reports covering the first 9 months of the year to £15.822m as approved at Executive Cabinet in February 2024.
9. Following the changes detailed in this report, the total programme now stands at £13.185m 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 decreased since the 2023/24 Quarter 3 report approved by Cabinet, **from £15.822m to £13.185m** as at 31st March 2024. 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 **£2.636m** 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 **£3.989m** 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
An Enterprising Economy With Vibrant Local Centres in Urban and Local Areas						
Asset Improvements		600			Council	27/02/24
Chorley Bus Station		445			Council/Cabinet	18/07/23/ 22/02/24
Chapel Street		83			Council/Cabinet	18/07/23/ 22/02/24
Euxton Private development - retail units		50			Council/Cabinet	18/07/23/ 22/02/24
Astley Village Nursery and Retail Units		149			Cabinet	22/02/24
Green And Sustainable Borough						
Delivering green agenda	(65)				This report	03/07/24
Fleet Replacement		900			Council	16/04/24
Housing Where Residents Live Well						
Chorley Adaptation Grant (Formerly DFG)		775			Council	27/02/24
Leisure Centres - capital works and maintenance		200			Council	27/02/24
Gillet playing fields		724			Council	09/05/24
Jubilee Rec		(272)			This report	03/07/24
Birkacre Reservoir		400			Council	16/04/24
TOTAL	• (65)	4,054	-	-		

13. Re-profiling of budgets from 2023/24 to future years has been undertaken. The total movement of budgets from 2023/24 amounts to **£2.571m**. 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
An Enterprising Economy With Vibrant Local Centres In Urban and Local Areas	
Unit Above Iceland	24
Town Hall and White Hart Works	33
Woodlands Development Site	43
Strawberry Fields	50
Queens Road Car Park	82
Chapel St and Surrounding Public Realm	100
Strawberry Meadows Development	125
Relocation of Bengal Street	139
Bengal Street	177
Other minor slippage and reprofiling adjustments for £20K or less	18
Green And Sustainable Borough	
ICT Mobile Devices, Citrix, CCTV, Software and Cloud-based upgrades	84
Delivering Green Agenda	331
Other minor slippage and reprofiling adjustments for £20K or less	(1)
Housing Where Residents Live Well	
Chorley Adaptation Grant (Formerly DFG)	(46)
Chorley Lodge	38
Leisure Centres - capital works and maintenance	48
Tatton	49
Properties for Refugees	83
Play, Recreation and Open Space Projects	975
Other minor slippage and reprofiling adjustments for £20K or less	3
Healthy, Safe and Engaged Communities	
Astley/Astley Cottage	208
Other minor slippage and reprofiling adjustments for £20K or less	7
Total	2,571

14. As at 31st March 2024 the actual capital expenditure across the programme was **£13.185m**.

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. Asset Improvements – An increase in £600k following the budget report in February 2024 to reflect the ongoing requirements of the Councils asset base.
16. Chorley Bus Station - An increase in the budget of £445k following approval of improvement works at the Cabinet meeting in February 2024 funded by CIL and UKSPF funding.
17. Chapel Street and Surrounding Public Realm –£100k 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.

18. Chapel Street External redecoration and public realm- £83k increase in budget approved at the Cabinet meeting for external redecoration approved at Cabinet in February 2024
19. Euxton Developments - £50k budget approved at the Cabinet meeting February 2024 for external redecoration to units.
20. Astley Village Nursery and Retail Units - An increase in the budget of £149k following approval of improvement works at Cabinet in February 2024 to be funded from CIL and UKSPF funding.
21. Town Hall and White Hart Works – £33k budget has been moved into future years to cover the cost of future Town Hall developments.
22. Queens Road Car Park - the majority of the budget has been utilised in 2023/24 with the remaining budget of £82k carried forwarded to 2024/25 to pay for landscaping and other final improvement costs.
23. Strawberry Meadows Development - £125k budget has been reprofiled to 2024/25. This is to cover the completion of the Cycleway connecting the surrounding areas as part of the finalisation of the development.
24. Relocation of Bengal Street - £139k. Due to the timing in transferring to the new site at Ackhurst Road, the budget has been reprofiled into 2024/25.
25. Bengal Street - £177k has been reprofiled into 2024/25. Development of the site has not started due to work continuing to vacate the offices in advance of the wider development scheme.

Green and sustainable borough

26. Delivering the Green Agenda – A reduction in the budget of £65k has been made to reflect the expenditure that has had to be reclassified as revenue in nature. The budget has been reallocated to revenue to match the corresponding expenditure. £331k has been reprofiled to future years. Reporting on this budget is via the Climate Change Working Group and proposals will be brought forward in due course to utilise the rest of the funding.
27. Fleet Replacements – Budget of £900k has been included to cover the cost of the purchase of fleet vehicles as per Council approval in February 2024.
28. ICT- £84k has been reprofiled to future years. The budgets will be evaluated in 2024/25 to understand future IT capital need and adjusted as necessary.

Housing Where Residents Live Well

29. Chorley Adaptation Grant (Formerly DFG) – an increase to the budget of £775k for future years, was approved by Council in February 2024. Chorley Council recognises within its corporate priorities the need to ensure housing is available where residents can live well and as such, that they are adapted to ensure residents can remain in healthy, safe, and engaged communities. The increase in the grants budgets should facilitate people being able to stay in their own homes longer.

30. Leisure Centre Capital Works and Maintenance – an increase in the budget of £200k was approved by Council in February 2024. There is also a reprofiling of £48k into future years in respect of continuing work on the centres.
31. Birkacre Reservoir – at the Council meeting in April 2024 the Council approved a budget for £400k for works to the reservoir. The approved budget is to be spent across 2024/25 and 2025/26 and will repair the embankment of the main lake with phase one expected to be completed in Summer 2024. Emergency repairs were conducted in 2023 following a collapse in the embankment.
32. Properties for refugees - £83k of the 2023/24 budget was not utilised and so this will be added to 2024/25 budget for use when suitable properties are sought.
33. Play, Recreation and Open Space budget changes are as follows:
 - Jubilee Recreation – a reduction in the budget of £272k has been made as initial budget estimates are now lower than when this budget was first established several years ago. The funding of the scheme reflects the available S106 contributions now attributable to the project.
 - Gillet Playing Fields - the budget has been increased by £724k as per the Council report of 9th May 2024.

There are several adjustments to the Play, Recreation and Open Spaces capital programme. £975k is reprofiled into to the 2024/25 as a result of planned expenditure being delayed on numerous projects.

- Great Green Lane - £35k has been reprofiled into 2024/25 as no expenditure has been incurred on the project during 2023/24.
- King George – Unspent budget of £173k has been carried forward to be utilised in 2024/25
- Gillet Playing Field - Unspent budget of £53k has been reprofiled into the 2024/25 budget.
- Jubilee Recreation – Unspent budget of £661k has been reprofiled into 2024/25.
- Westway Nature Reserve- Budget of £10k for the project has been transferred to 2023/24.
- Euxton Villa Grant – the payment of £99,999 was made in 2024/25 and so the 2023/24 budget has been reprofiled to 2024/25.
- Orchard Drive Play Area – the scheme is £5k underspent and so the funds have been carried forward into the budget for 2024/25.
- Wigan Lane – the project has nearly and budget of £67k has been brought forward from 2024/25
- The balance of £5k is a minor slippage on various smaller projects.

Health, Safe and Engaged Communities

34. Astley Hall / Astley Cottage - £208k is carried forward into 2024/25. This will provide match funding in respect of the works to preserve and restore the West Wing. As the property is

a listed building, completion of any work to the property requires listed building consent which can be a lengthy process.

Section B: Balance Sheet Monitoring

Overview

35. 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

36. 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

37. 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.

38. 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 £176k 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 £380k. There is also an underspend on the Minimum Revenue Provision (MRP) budget of £88k 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 March 2024 £000s
Interest and Investment Income	(20)	(400)
Debt Interest Payable	2,197	2,021
Minimum Revenue Provision (MRP)	1,530	1,442
Total Net Borrowing Costs	3,707	3,063

39. The current borrowing and investment position, compared to the position at the same point last year, is as per the table below.

	As at 31st March 2024	As at 31st March 2023
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Short term borrowing	£20.000m	£11.838m
Long term borrowing	£66.513m	£66.503m
Total Borrowing	£86.513m	£78.341m
Investments made by the Council	Nil	Nil
Cash Balances Held	£4.530m	£1.25m

Debtors

40. 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 2024. The table also shows the corresponding level of debt at the same point in the last financial year.

	Position as at 31 st March 2024 £000s	Position as at 31 st March 2023 £000s
Council Tax		
Expected Council Tax Collectable in 23/24 (22/23)	82,664	78,973
Current year balance outstanding	2,551	1,856
Previous years balance outstanding	2,302	3,728
Total Council Tax balance outstanding	4,853	5,584
Collection Rates Current Year	96.91%	97.19%
Business Rates		
Expected Business Rates Collectable in 23/24 (22/23)	25,877	24,981
Current year balance outstanding	777	807
Previous years balance outstanding	797	766
Total Business Rates balance outstanding	1,574	1,573
Collection Rates Current Year	97.00%	96.26%
Housing Benefit		
Overpayment balances outstanding	803	911
Sundry Debtors		
Balance Outstanding – General*	551	328
Balance Outstanding – Commercial*	1293	1016

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

41. Business rate collection has seen an improvement on previous years with an increase in collection rates.

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

43. 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. £523k of the outstanding commercial debt relates to one debtor, and for which legal action is being taken; as a prudent measure, a full provision has been made in the revenue report that is also on the agenda of this meeting. The balance of commercial debt reflects over 486 debtors ranging in the amount outstanding between 50p and £106k (this being an annual bill raised March 2024 to be paid in instalments)

Climate change and air quality

44. 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

45. Equality and diversity implications are considered within the budgets approved by Council as at 28 February 2023.

Risk

46. Risks are broadly addressed in the body of the report however it is important to note that although the headline rate of inflation has decreased, we need to continue to closely monitor the impact of this on an individual project basis and any budget changes reported when necessary.

47. As noted in point 43 above, the risks around non-payment of debt can be significant. As a general policy, the accounts include a provision for bad debts that is calculated as follows;

Invoices 0-30 days	20%
Invoices 30-121 days	30%
Invoices 122-213 days	40%
Invoices 214-394 days	60%
Invoices over 394 days	100%

However, where additional information is available on specific debts, the policy is adapted accordingly.

Comments of the Statutory Finance Officer

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

Comments of the Monitoring Officer

49. 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:
Neil Halton (Head of Finance)	Neil.halton@chorley.gov.uk	N/A	20/05/2024
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