

| Report of  | Meeting           | Date       |
|--|-------------------|------------|
| Director (Finance)<br>(Introduced by Executive Member (Resources)) | Executive Cabinet | 10/10/2024 |

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

|                       |    |
|-----------------------|----|
| Is this decision key? | No |
|-----------------------|----|

## 2024/25 Corporate Capital Programme and Balance Sheet Monitoring Report Outturn Position for the four months to the 31st July 2024

### Purpose of the Report

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

### Recommendations to Executive Cabinet

2. To approve the revised capital programme, attached at **Appendix A**, which includes an amendment to the programme for this quarter of £40,541m, 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 31<sup>st</sup> July 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 2024/25 was set at £19,448m by Council in February 2024. This was decreased following approval of the 2024/25 outturn to £15.253m.
9. Following the changes detailed in this report, the total programme now stands at £16,152m 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 2024/25 has increased since the 2023/24 outturn report approved by Cabinet, **from £15,253m to £16.152m** as at 31<sup>st</sup> July 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 increase in the programme of **£0,899m** 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 net increase.
12. Budget variations approved since the last monitoring report have resulted in a total increase of **£40,541m** to the capital programme. The table below details the changes.

**Table 1: Approved budget changes since the last monitoring report**

| Scheme Name   | Increase / (Reduction) 2024/25<br>£'000 | Increase / (Reduction) 2025/26 and future years<br>£'000 | Virement From | Virement To | Approved by | Date approved |
|---|---|--|---------------|-------------|-------------|---------------|
| <b>An Enterprising Economy With Vibrant Local Centres In Urban and Local Areas</b>  |   |  |               |             |             |               |
| Public Realm Town Centre  |   |  | (871)         |             | Council     | 16/07/2024    |
| Levelling up  | 3,667                                   | 35,096   |               | 871         | Council     | 16/07/2024    |
| <b>Green And Sustainable Borough</b>  |   |  |               |             |             |               |
| Food waste Collections - Vehilces   |   | 818  |               |             | Council     | 16/07/2024    |
| Food waste Collections - waste containers   |   | 738  |               |             | Council     | 16/07/2024    |
| <b>Housing Where Residents Live Well</b>  |   |  |               |             |             |               |
| Play, Recreation and Open Space Projects  | 6                                       | 36   |               |             | This report | 12/08/2024    |
| All seasons leisure centre -Installiations of PV Panels, add. Metering and software | 182                                     |  |               |             | Council     | 16/07/2024    |
| <b>Total</b>  | <b>3,854</b>                            | <b>36,687</b>  | <b>(871)</b>  | <b>871</b>  |             |               |

13. A re-profiling of budgets from 2024/25 to future years has been undertaken. The total movement of budgets from 2024/25 amounts to **£2,955m**. The movements are shown in Appendix B and explanations are contained in the major variations section that follows.

14. **Table 2: Slippage and reprofiling across years**

| <b>Scheme Name</b>   | Slippage and reprofiling of budget (to)/from future years<br>£'000 |
|--|--|
| <b>An Enterprising Economy With Vibrant Local Centres In Urban and Local Areas</b> |  |
| Chapel St and Surrounding Public Realm   | (1,297)  |
| Town Hall and White Hart Works   | (200)  |
| Levelling up :Relocation of Bengal Street  | (1,000)  |
| <b>Green And Sustainable Borough</b>   |  |
| Chorley Health Centre  | (250)  |
| <b>Healthy, Safe and Engaged Communities</b>                                       |  |
| Astley/Astley Cottage  | (208)  |
|  |  |
| <b>Total</b>   | <b>(2,955)</b>   |

As at 31<sup>st</sup> July 2024 the actual capital expenditure across the programme was £1,124,104

**Major variations in the 2024/25 Capital Programme since the previous report**

**An Enterprising Economy with Vibrant Local Centres in Urban and Local Areas**

15. Public Realm Town centre- virement of a budget of £871k which forms part of the Levelling Up match funding.
16. Levelling up fund- £38,762m increase in capital budget taking the overall budget to £44,480m. This included the acceptance of a £20m Levelling up grant. The budget was approved at Council meeting in July 2024. The monies will be used to deliver a significant town centre regeneration across various sites in the town centre.
17. Chapel Street external redecoration and surrounding public realm- £1,297m has been moved into future years and will be spent in conjunction with redevelopment of the Town Centre.
18. Town Hall and White Hart Works – £200k budget has been moved into future years to recognise the timing of the potential future town hall developments

19. Relocation of Bengal Street- £1m has been moved into future years as part of the Levelling up fund. It is anticipated the majority of the expenditure for the project will occur in 2025/26

### **Green and sustainable borough**

20. Food waste vehicles – £818k budget funded by grant from Defra was approved at Council in July 2024 this is to fund the purchase of new waste vehicles. An additional request for £322k to Defra has been made due to a shortfall in funds. The requirement for the new vehicles is part of the Government's plan to provide weekly household food waste collections by 1<sup>st</sup> April 2026.

21. Food waste containers - £364k grant from Defra for the purchase of new food waste containers was approved at Council in July 2024. An additional request for £52k has been made to Defra to cover the shortfall in funds. The containers will be given to local residents as part of the Governments pledge to collect weekly household food waste. There is an expected shortfall in funding of £373k from the government to fund the acquisition of the waste vehicles and containers.

22. Chorley Health Centre- £250k has been moved into 2025/26. This grant is funded by CIL and has been in the programme for a number of years awaiting development by the NHS.

### **Housing Where Residents Live Well**

23. Play and Open Spaces- Increase in budget to £36k to reflect various increases funded via S.106.

24. All seasons Leisure Centre- £182k capital grant from Sports England Swimming Pool Support Fund was approved at Council in July 2024. The grant will be spent on the installation of photovoltaic (PV) panels, metering and monitoring software at the Leisure Centre. This will allow for precise tracking and management of energy consumption and will work towards the Council's aim of becoming net carbon zero by 2030.

### **Health, Safe and Engaged Communities**

25. Astley Hall / Astley Cottage- £208k is to be carried forward to the 2025/26 budget. The provision of this monies is to provide match funding in respect of preserving and restoring the West Wing. Due to the property being a listed building completion of any work to the property requires listed building consent which can be a lengthy process to ensure that the building correctly repaired for the future generations to enjoy.

## **Section B: Balance Sheet Monitoring**

### **Overview**

26. 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**

27. 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**

28. 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.

29. 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 rate of 5.25%. The current rate of interest is 5% per the Bank of England. Interest rates on investments have also increased in response to this. The key variances compared to budget are a £290k forecast overspend on debt interest payable, as borrowing has been deferred due to higher-than-expected interest rates meaning shorter term borrowing has been necessary. However, because of these cash balances interest and investment income is forecast to over-recover against the budget by £320k. There is also an overspend on the Minimum Revenue Provision (MRP) budget of £44k due to the differences in the mix of funding used to fund the capital programme in 2023/24.

|                                  | <b>Original Budget<br/>2024/25<br/>£000s</b> | <b>Forecast Outturn at<br/>31<sup>st</sup> July 2024<br/>£000s</b> |
|----------------------------------|--|--|
| Interest and Investment Income   | (170)  | (500)  |
| Debt Interest Payable            | 2,476  | 2,766  |
| Minimum Revenue Provision (MRP)  | 1,643  | 1,687  |
| <b>Total Net Borrowing Costs</b> | <b>3,949</b>                                 | <b>3,953</b>   |

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

|                                 | <b>As at 31<sup>st</sup> July 2024</b> | <b>As at 31<sup>st</sup> July 2023</b> |
|---------------------------------|--|--|
| Short term borrowing            | £15,757m                               | £11,731m                               |
| Long term borrowing             | £64,347m                               | £66,094m                               |
| <b>Total Borrowing</b>          | <b>£80,104m</b>                        | <b>£77.825m</b>                        |
| Investments made by the Council | £3m                                    | £5m                                    |
| Cash Balances Held              | £3,861m                                | £6,661m                                |

### **Debtors**

31. 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 31<sup>st</sup> July 2024. The table also shows the corresponding level of debt at the same point in the last financial year.

|  | <b>Position as at<br/>31<sup>st</sup> July 2024<br/>£000s</b> | <b>Position as at<br/>31<sup>st</sup> July 2023<br/>£000s</b> |
|--|---|---|
| <b>Council Tax</b>                                   |   |   |
| Expected Council Tax Collectable in 24/25 (23/24)    | 87,182  | 82,678  |
| Current year balance outstanding                     | 52,079  | 49,095  |
| Previous years balance outstanding                   | 6,177   | 5,018   |
| <b>Total Council Tax balance outstanding</b>         | <b>58,256</b>   | <b>54,113</b>   |
| Collection Rates Current Year                        | 36.72%  | 37.05%  |
| <b>Business Rates</b>                                |   |   |
| Expected Business Rates Collectable in 24/25 (23/24) | 28,769  | 25,826  |
| Current year balance outstanding                     | 16,977  | 16,010  |
| Previous years balance outstanding                   | 1,526   | 1,332   |
| <b>Total Business Rates balance outstanding</b>      | <b>18,503</b>   | <b>17,342</b>   |
| Collection Rates Current Year                        | 37.51%  | 32.73%  |
| <b>Housing Benefit</b>                               |   |   |
| Overpayment balances outstanding                     | 790   | 869   |
| <b>Sundry Debtors</b>                                |   |   |
| Balance Outstanding – General*                       | 294   | 486   |
| Balance Outstanding – Commercial*                    | 1,129   | 1,151   |

32. Business rate collection has seen an improvement on previous years with an increase in collection rates. This brings collection rates back in line with levels that would be anticipated at this stage of the year.

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

34. 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. In 2023/24 there were significant increases to the bad provision to ensure that all potential bad debts were covered. There is no proposed increase in bad debt provision at quarter one.

### **Climate change and air quality**

35. 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**

36. Equality and diversity implications are considered within the budgets approved by Council as at February 2024.

### **Risk**

37. 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.

38. As noted in point 33 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 based upon age. However, where additional information is available on specific debts, the policy is adapted accordingly.

### **Comments of the Statutory Finance Officer**

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

### **Comments of the Monitoring Officer**

40. 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:      |
|--|----------------------------|-----------------|------------|
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