

Report of	Meeting	Date
Director (Finance) (Introduced by Executive Member (Resources))	Executive Cabinet	11 th November 2021

2021/22 Corporate Capital Programme and Balance Sheet Monitoring Report position as at 30th September 2021

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

Purpose of the Report

1. To report the overall financial position of the Council in respect of the capital programme as at 30th September 2021, highlighting key issues and explaining key variances over the first six months of the year, and to provide an overview of various elements of the Council's Balance Sheet as at 30th September 2021

Recommendations to Cabinet

2. To approve the revised capital programme as attached at **Appendix A**, which includes approved amendments to the programme, detailed at point 12 of this report, since the last Capital Monitoring report was approved by Cabinet in September;
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 30th September 2021.

Reasons for recommendations

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

Other options considered and rejected

6. None

Executive summary

7. Based on the position as at 30th September 2021, there is a forecast decrease in the overall Capital Programme of £4.026m relating to the reprofiling of spend on some of the projects from 2021/22 to 2022/23, and a £50k increase in the IT budget as detailed in point 12 below.

Corporate priorities

8. The report relates to the following corporate priorities: (please bold all those applicable):

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

9. The capital budget for 2021/22 was set at £38.1m at Council in February 2021. This was increased following approval of the 2020/21 outturn to £46.2m, then amended in the Capital Monitoring Report as at 31st July 2021 to £46.6m; following the changes detailed in this report, the total programme now stands at £42.6m, the detail of which is shown in **Appendix B**.

Capital programme

Key issues

10. The total cost of the Council's capital investment programme for 2021/22 has decreased since the last Capital Monitoring Report approved by Cabinet in September, from **£46.6 million** to **£42.6 million** at 30th September 2021; this includes the variations approved since the last report of £0.050m, and 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 £4.0m is detailed in **Appendix B**.
12. Variations made in respect of schemes that have been approved since the last monitoring report have resulted in an increase of £0.050m to the capital programme as follows:

Scheme	Increase (Reduction) 2021/22 £'000	Increase (Reduction) 2022/23 and future years £'000		Approved by	Date approved
An ambitious council that does more to meet the needs of residents and the local area					
ICT Modernisation	50			Executive Member	30 th September 2021

13. Following a review of progress on each individual scheme, a re-profiling of budgets from 2021/22 to 2022/23 is required, amounting to £4.026 million. The largest movements are shown in the table below and explanations in the major variations section that follows.

Scheme	Paragraph Ref	Slippage and Reprofiling £'000
Buckshaw Village Rail Station		(696)
Public Realm Town Centre		(1,000)
Chapel St and Surrounding Public Realm		(1,800)
Chorley Borough Service Centres		(500)
Play, Recreation and Open Space Projects		(30)
Total		(4,026)

14. As at 30th September 2021 the actual capital expenditure across the programme was £11.657 million, which represents 27% of the current, revised projected capital spend for the year. There are several projects due to complete in the Spring 2022 so significant additional spend is expected over the coming months on Alker Lane (Strawberry Meadows), Tatton and Whittle GP surgery.

Major variations in the 2021/22 Capital Programme since the previous monitoring report

Major variations to note during the period are;

A strong local economy

15. Section 106 funded budget for works to the Buckshaw Village Rail Station of £0.7m has been reprofiled into 2022/23 as it is unlikely any spend will be incurred in this financial year.

16. The Town Hall Mezzanine and Union Street works schemes have been consolidated into a single programme budget i.e. "Town Hall and White Hart". Approval for this project will be sought before work commences, in line with the delegated authorities within the financial regulations.
17. There have been a number of schemes where spend has been slipped into 2022/23 to more accurately reflect the likely spending profile for when plans will come forward, including the £1.0m Public Realm Town Centre scheme, £1.8m for works to Chapel Street and the surrounding Public Realm and £0.5m for Chorley Service Centres.

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

18. There has been an increase in the ICT modernisation programme of £50k to reflect the implementation cost of the CIVICA Pay' module for income management and online payments.

Clean, safe and healthy homes and communities

19. There have been various minor amendments totalling £30k within the Play and Open Space programme to reflect the timing of works on individual schemes.

Balance Sheet Monitoring

Overview

22. 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

23. 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

24. 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.
25. Both short and long-term borrowing interest rates were at very low levels at the end of the period, having remained stable over the course of the first six months of the year. Interest rates on investments have remained negligible throughout the period. To date, it is projected that debt interest payable will be £405k lower than the 2021/22 Budget, as there has been no need to borrow as yet, due to the timing of cashflows within the capital programme and the level of cash balances held. This is partially offset by an overspend

on the MRP budget of £133k due to the differences in the mix of funding used to fund the capital programme in 2020/21 compared to those that had been assumed within the budget setting process for 2021/22.

	Original Budget 2021/22 £000s	Forecast as at 30th September 2021/22 £000s
Interest and Investment Income	(3)	(3)
Debt Interest Payable	1,795	1,390
Minimum Revenue Provision (MRP)	1,252	1,385
TOTAL	3,044	2,772

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

	As at 30th Sept 2021	As at 30th Sept 2020
Short term borrowing	£0m	£0m
Long term borrowing	£61.216m	£63.097m
Total Borrowing	£61.216m	£63.097m
Investments made by the Council	Zero	Zero
Cash Balances Held	£6.110m	£7.308m

Debtors

27. 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 30th September 2021. The table also shows the corresponding level of debt at the same point in the last financial year.

	Position as at 30th Sept 2021 £000s	Position as at 30th Sept 2020 £000s
Council Tax		
Expected Council Tax 21/22	75,510	71,598
Current year balance outstanding	31,354	30,251
Previous years balance outstanding	3,972	2,813
Total Council Tax balance outstanding	35,326	33,064
Collection Rates Current Year	55.10%	54.46%
Business Rates		
Expected Business Rates 21/22	22,427	15,490
Current year balance outstanding	11,069	6,969
Previous years balance outstanding	1,126	845
Total Business Rates balance outstanding	12,195	7,814
Collection Rates Current Year	50.66%	55.01%
Housing Benefit		

Overpayment balances outstanding	1,083	1,281
Sundry Debtors	30th Sept 2021	31st July 2021
Balance Outstanding - General	427	422
Balance Outstanding - Commercial	1,666	2,072

28. Business rates collection can fluctuate month on month but collection is currently broadly in line with expectations. Expected Business Rates for 2021/22 are much higher compared to those for last year due to the Covid reliefs applied in 2020/21 which are no longer applicable in 2021/22.
29. In respect of the figures above, the Council's share represents 9.7% of Council Tax income and 23% of Business Rates income.
30. The Sundry Debtors figure reflects the position compared to last quarter. The outstanding Commercial debt has significantly reduced in the last quarter due to the resolution of issues with tenants at Market Walk and the payment of rent arrears. Given the economic climate, the Council continues to work with and support its tenants in their repayment of debt. In addition, there are also limitations on how we are able to chase and enforce debt recovery as a landlord. An increased level of monitoring is being undertaken throughout this financial year

Climate change and air quality

20. 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

21. N/A

Risk

22. As detailed in the report

Comments of the Statutory Finance Officer

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

Comments of the Monitoring Officer

24. No Comment.

Background documents

There are no background papers to this report.

Appendices

Appendix A

Appendix B

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