

Report of	Meeting	Date
Director (Finance) (Introduced by Executive Member (Resources))	Executive Cabinet	24 th February 2022

2021/22 Corporate Capital Programme and Balance Sheet Monitoring Report position as at 31st December 2021

Is this report confidential?	No
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Is this decision key?	Yes
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Savings or expenditure amounting to greater than £100,000	Significant impact on 2 or more council wards
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Purpose of the Report

1. To report the overall financial position of the Council in respect of the capital programme as at 31st December 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 31st December 2021.

Recommendations to Executive Cabinet

2. To approve the revised capital programme as attached at **Appendix A**, which includes approved amendments to the programme, detailed at point 11 of this report, since the last Capital Monitoring report was approved by Executive Cabinet in November 2021;
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 December 2021.

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:

Involving residents in improving their local	✓	A strong local economy	✓
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area and equality of access for all			
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

8. 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. The monitoring report as at 31st July 2021 increased the total budget to £46.6m. This was reduced to £42.6m in the quarter 2 monitoring report, approved at Cabinet in November 2021.

Section A: Capital Programme

Key issues

9. The total cost of the Council's capital investment programme for 2021/22 has decreased since the quarter 2 monitoring report approved by Cabinet, **from £42.6m to £28.6m** as at 31st December 2021. The change includes variations approved since the last report 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**.
10. The breakdown of the net decrease in the programme of **£14.0m** is detailed in **Appendix B**.
11. Budget variations approved since the last monitoring report have resulted in a total increase of **£4.001m** to the capital programme, with an increase of £0.480m in 2021/22 and an increase of £3.521m in future years. The table below details the changes.

Table 1: Approved budget changes since the last monitoring report

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 Mobile Devices, Citrix, CCTV, Software and Cloud-based upgrades	100	1,020	Council	25/01/22
Clean, safe and healthy homes and communities				
Land for Tree Planting	250	-	Council	25/01/22
Properties for Refugees	130	2,070	Council	28/09/21
Play, Recreation and Open Space Projects - Wigan Lane	-	357	Council	25/01/22
Play, Recreation and Open Space Projects - Milestone Meadow	-	74	Executive Cabinet	20/01/22

12. Following a review of progress on each individual scheme, a re-profiling of budgets from 2021/22 to future years has been undertaken. The total movement of budgets from 2021/22 amounts to **£14.481m**. The movements are shown in the table below and explanations in the major variations section that follows.

Table 2: Re-profiling of budgets

Scheme	Slippage and Reprofiling £'000	Paragraph Reference
Alker Lane Development	(1,000)	14
Asset Improvements	(200)	17
Chapel St and Surrounding Public Realm	(1,000)	15
Digital Office Park	(120)	17
Market Walk Extension	(192)	17
Public Realm Town Centre	(223)	17
Town Hall and White Hart Works	(1,220)	16
Unit Above Iceland	(200)	17
Delivering Green Agenda	(200)	18
Leisure Centre Transfer	(244)	21
Leisure Centres Improvements - New Contract	(2,000)	21
Play, Recreation and Open Space Projects	(2,280)	22
Tatton	(5,113)	24
Astley	(350)	25
Westway Playing Fields Sports Campus	(139)	26
Total	(14,481)	

13. As at 31st December 2021 the actual capital expenditure across the programme was **£17.578m**, which represents 61.5% of the current, revised projected capital spend for the year. There are some large-value projects nearing completion, where significant spending is expected in quarter 4 and/or the first quarter of 2022/23; namely Alker Lane (Strawberry Meadows), Tatton and Whittle GP surgery.

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

A strong local economy

14. Alker Lane – The scheme is scheduled to complete in April 2022. £1.000m has been re-profiled to 22/23 although it is expected that a large proportion of this will not be required as it relates to a contingency budget that appears at this point in the scheme, is unlikely to be required.
15. Chapel St and surrounding public realm – In previous monitoring reports, proportions of the £2.8m budget have already been re-profiled into 22/23. The remaining budget of £1m has now been re-profiled to 22/23 as well, as firm plans have yet to be developed as to how the scheme will progress.
16. Town Hall and White Hart works – The design is currently being finalised. Approval for the project will be sought before work commences, in line with the delegated authorities within the financial regulations. The majority of the budget for 21/22 has therefore been

re-profiled to 22/23 as only a relatively small value of fees (£80k) will be spent before year-end.

17. There are several other schemes where budgets have been slipped into 22/23 to more accurately reflect the likely spending profile of when plans will come forward. The list includes Asset Improvements £200k, Digital Office Park £120k, Market Walk Extension £192k, Town Centre Public Realm £223k, and the unit above Iceland £200k.

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

18. Green Agenda - £200k has been re-profiled into 22/23 to more accurately reflect the likely spending profile for when plans will come forward.
19. ICT Mobile Devices, Citrix, CCTV, Software and Cloud-Based Services – the scheme was approved by Council in January 2022 and has now been added to the capital programme with a total budget of £1.120m. The budget has been profiled with £100k due for spend in 21/22 and the remaining £1.020m for spend within 22/23.

Clean, safe and healthy homes and communities

20. Land Purchase for Tree Planting – in January 2022 Council approved the addition of the project to the capital programme, with a budget of £250k. The budget has been applied to 21/22 although, depending on how quickly the purchase can be progressed, it may well be that spending will not be incurred until quarter 1 of 22/23; if so, the budget will need to be reprofiled at outturn.
21. Leisure Centres – The main improvements budget of £2m, along with the residual budget of £244k from the Leisure Centre transfer, have been reprofiled fully to 22/23 as the spending plans are still being developed.
22. Play, Recreation and Open Space – The majority (£2.280m) of the budget has been reprofiled to 22/23 to reflect the forecast for spending plans. There are three projects that make up the majority of the budget which have all been delayed during the year, but are expected to complete in 22/23, namely King Georges Playing Field (£908k), Wigan Lane (£615k) and Jubilee Recreation Ground (£749k). Full Council approved increases in the budget in January 2022 for the Wigan Lane project of £357k, and for the Milestone Meadow project of £74k; both have been profiled for spend in 22/23.
23. Properties for Refugees – Council approved in September 2021 the addition of this scheme to the capital programme, with a budget of £2.2m. This wasn't reflected in the quarter 2 budget monitoring report but has now been added. The procurement process is underway for one of the proposed 11 properties and so the budget has been profiled with £130k in 21/22 to reflect this, and the remaining £2.070m in 22/23.
24. Tatton – The scheme has been delayed by several months due to a variety of factors including water ingress, a sub-contractor going into administration and significant changes to the contractor's management team. The estimated costs are still within the budget but the estimated completion date is now beyond the end of September 2022. The budget has been reprofiled accordingly with £5.112m being moved from 21/22 into 22/23.

Involving residents in improving their local area and equality of access for all

25. Astley – Two elements of the works – Ackhurst Lodge and the Activity Area – will not be completed before year-end and so the budget has been re-profiled accordingly with £350k moving to 22/23.

26. Westway Playing Fields Sports Campus – The remaining works to be completed relate to a play area. The plans are being finalised and the procurement and delivery will not be completed until early 22/23. Therefore £139k of the budget has been moved to 22/23 to allow for this.

Section B: Balance Sheet Monitoring

Overview

27. 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

28. 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

29. 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.

30. 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 financial 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 31st December 2021 £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

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

	As at 31st Dec 2021	As at 31st Dec 2020
Short term borrowing	£4.000m	Nil
Long term borrowing	£60.794m	£62.683m

Total Borrowing	£64.794m	£62.683m
Investments made by the Council	Nil	£3.000m
Cash Balances Held	£8.496m	£13.966m

Debtors

32. 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 2021. The table also shows the corresponding level of debt at the same point in the last financial year.

	Position as at 31st Dec 2021 £000s	Position as at 31st Dec 2020 £000s
Council Tax		
Expected Council Tax 21/22	75,557	71,539
Current year balance outstanding	10,991	10,831
Previous years balance outstanding	3,680	2,685
Total Council Tax balance outstanding	14,671	13,516
Collection Rates Current Year	81.94%	81.49%
Business Rates		
Expected Business Rates 21/22	22,418	14,344
Current year balance outstanding	4,944	2,728
Previous years balance outstanding	908	813
Total Business Rates balance outstanding	5,582	3,541
Collection Rates Current Year	77.95%	81.10%
Housing Benefit		
Overpayment balances outstanding	1,054	1,154
Sundry Debtors	31st Dec 2021	30th Sept 2021
Balance Outstanding - General	365	427
Balance Outstanding - Commercial	1,063	1,666

33. 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.

34. In respect of the figures above, the Council's share represents 9.7% of Council Tax income and 23% of Business Rates income.

35. 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. In quarter three due to the improved position £75k was released into revenue from the bad debt provision for Market Walk.

Climate change and air quality

36. 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

37. N/A

Risk

38. As detailed in the report

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 2021/22 Summary

Appendix B – Scheme Variations

Report Author:	Email:	Telephone:	Date:
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