

| Report of | Meeting | Date |
|-----------------------------------------------------------------------|-------------------|------------|
| Director (Finance) (Introduced by Executive Member (Resources)) | Executive Cabinet | 23/02/2023 |

2022/23 Corporate Capital Programme and Balance Sheet Monitoring Report Position at 31st December 2022

| | |
|------------------------------|----|
| 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 financial position of the Council in respect of the capital programme at 31st December 2022, highlighting key issues and explaining key variances, and to provide an overview of various elements of the Council's Balance Sheet at 31st December 2022.

Recommendations to Executive Cabinet

2. To approve the revised capital programme as attached at **Appendix A**, which includes approved amendments to the programme, as detailed at point 12 of this report, since the last Capital Monitoring report was approved by Cabinet in November 2022.
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 2022.

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 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

8. The capital budget for 2022/23 was set at £24.2m at Council in February 2022. This was increased following approval of the 2021/22 outturn to £32.2m, then further amended in the Capital Monitoring Report as at 31st July 2022 to £27.6m. This was then reduced to £25.5m in the Quarter 2 Capital Monitoring report, approved at Executive Cabinet in November 2022.
9. Following the changes detailed in this report, the total programme for 22/23 now stands at £15.8m, the detail of which is shown in Appendix B.

Section A: Capital Programme

Key issues

10. The total cost of the Council's capital investment programme for 2022/23 has decreased since the 2021/22 Quarter 2 report approved by Cabinet, from £25.5m to £15.8m as at 31st December 2022. The net decrease of £9.7m reflects variations approved since the last monitoring report, along with those contained within this report, and variations in respect of the reprofiling of budgets within the existing programme
11. A summary of the total costs of the programme, and the funding of this, is detailed at **Appendix A**, with a more detailed breakdown on a scheme by scheme basis detailed at **Appendix B**
12. The report reflects an overall increase in the capital programme of **£2.014m** as below.

Table 1: Budget changes

| Scheme | Increase / (Reduction) 2022/23 £'000 | Increase / (Reduction) 2023/24 and future years £'000 | Approved by | Date approved |
|------------------------------------------------------|-----------------------------------------|----------------------------------------------------------|-----------------------------------|---------------|
| Clean, safe and healthy homes and communities | | | | |
| Purchase Affordable Housing | | 2,000 | Council | 15/11/22 |
| Play and Open Space Longfield Avenue | | 14 | Approval requested in this report | |
| | - | | | |
| TOTAL | - | 2,014 | | |

13. A re-profiling of budgets between 2022/23 and 2023/24 has been undertaken. The total movement of budgets from 2022/23 amounts to **£11.663m**. The movements are shown in **Appendix B** and explanations are contained in the major variations section of the report that follows.

Table 2: Slippage and reprofiling across years

| Scheme | Slippage and Reprofiling £'000 |
|--------------------------------------------|-----------------------------------|
| Strawberry Meadows Development | 1,608 |
| Asset Improvements | 343 |
| Buckshaw Village Rail Station | 100 |
| Chapel Street and surrounding public realm | 747 |
| Public Realm Town Centre | 984 |
| Town Hall and White Hart Works | 253 |
| Unit Above Iceland | 85 |
| Chorley Health Centre | 250 |
| Delivering Green Agenda | 411 |
| Town Hall Decarbonisation | 228 |
| Chorley Adaptation Grant (formerly DFG) | 334 |
| Leisure Centre Improvements | 1,700 |
| Play, Recreation and Opens Space Projects | 1,000 |
| Properties for Refugees | 1,200 |
| Purchase of Affordable Housing | 2,000 |
| Chorley Lodge | 390 |
| Total | 11,633 |

14. As at 31st December the actual capital expenditure across the programme was **£9.763m**, which represents 61% of the total forecast programme spend for 22/23.

Major variations in the 2022/23 Capital Programme since the previous report

A strong local economy

15. Strawberry Meadows Development – The business and industrial hub is now operational. Budget of £1.608m has been reprofiled to 23/24 to cover the completion costs and future works at Mossfield Nature Reserve and Alker Lane Bridge.
16. Chapel St and Surrounding Public Realm – Whilst some works are expected to be undertaken on the shop fronts in Chapel Street in year, £747k has been reprofiled to 2023/24 for when plans are finalised for future shop front refurbishments and public realm works.
17. Public Realm Town Centre - The resurfacing works at Queens Street Car Park are expected to commence before the end of the financial year and so budget of £300k has been retained in 2022/23 to cover these costs. Budget of £984k has been reprofiled into 2023/24 as firm plans have yet to be developed on the Town Centre Public Realm scheme.
18. There are several other schemes where budgets have been slipped into 23/24 to more accurately reflect the likely spending profile including Asset Improvements (£343k), Buckshaw Rail Station (£100k), Town Hall and White Hart Works (£253k) and for the Unit Above Iceland (£85k).

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

19. Chorley Health Centre – The £250k budget has been reprofiled into 23/24 as discussions are ongoing and information is being reviewed to support this scheme.
20. Delivering Green Agenda - £411k has been reprofiled into 23/24 to more accurately reflect the likely spending profile and development of plans.
21. Town Hall Decarbonisation – A further £228k has been reprofiled into 23/24 as it is planned that the decarbonisation works will be completed alongside the Town Hall and White Hart Works. Plans for the Town Hall and White Hart Works have not yet been finalised, and works will not commence within this financial year.

Clean, safe and healthy homes and communities

22. Play, Recreation and Open Space – Approval is sought within the report to increase the budget by £14k for traffic calming works at Longfield Avenue; this will be funded by a S106 contribution.
23. £1.0m of the Play, Recreation and Open Space has been reprofiled into 23/24 to reflect the re-forecast of spending plans. In the main this relates to the King George Playing Field Scheme; due to delays in contractor appointment and issues with services, e.g. power supply, works are anticipated to complete on the scheme in June 2023.

24. Leisure Centre Improvements – The £600k restoration works at Brinscall Baths are due to commence in spring 2023 with work anticipated to take approximately 6 months to complete. £1.7m has been reprofiled into 23/24 to cover the completion of the scheme and for further Leisure Centre improvements that have yet to be confirmed.
25. Properties for Refugees – Budget of £1.2m has been reprofiled into 23/24 in line with work to progress the purchase of a number of properties.
26. Purchase of Affordable Housing – This scheme was approved at Council on 15th November 2022; the full budget of £2m has been reprofiled into 23/24 as it is not expected to complete in the current financial year.

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 have risen over the last few months following the increases in the Bank of England Base Rate, and this trend is predicted to continue until at least September 2023. Debt interest payable is currently £194k lower than the 2022/23 Budget, however further borrowing may be required dependent upon the timing of payments to be made in delivering the Capital Programme. There is an underspend on the Minimum Revenue Provision (MRP) budget of £345k due to changes made in the mix of funding used to fund the capital programme in 2021/22, compared to that assumed in the budget setting process, and in the slippage of some schemes from 2021/22 into 2022/23.

31. Interest rates on investments are also now increasing, with a forecast yield of £46k compared to the budget of £3k.

| | Original Budget 2022/23 £000s | Forecast Outturn at 31st December 2022 £000s |
|---------------------------------|----------------------------------------------|------------------------------------------------------------------------|
| Interest and Investment Income | (3) | (46) |
| Debt Interest Payable | 1,945 | 1,751 |
| Minimum Revenue Provision (MRP) | 1,641 | 1,296 |
| TOTAL | 3,583 | 3,001 |

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

| | As at 31st Dec 2022 | As at 31st Dec 2021 |
|---------------------------------|---------------------------------------|---------------------------------------|
| Short term borrowing | £1.833m | £4.00m |
| Long term borrowing | £67.043m | £60.794m |
| Total Borrowing | £68.876 | £64.794 |
| Investments made by the Council | Nil | Nil |
| Cash Balances Held | £3.683m | £8.496m |

Debtors

33. 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 2022. The table also shows the corresponding level of debt at the same point in the last financial year.

| | Position at 31st Dec 2022 £000s | Position as at 30th Dec 2021 £000s |
|------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------------|
| Council Tax | | |
| Expected Council Tax Collectable in 22/23 (21/22) | 78,996 | 75,557 |
| Current year balance outstanding | 10,852 | 10,991 |
| Previous years balance outstanding | 4,157 | 3,680 |
| Total Council Tax balance outstanding | 15,009 | 14,671 |
| Collection Rates Current Year | 82.11% | 81.94% |
| Business Rates | | |
| Expected Business Rates Collectable in 22/23 (21/22) | 25,075 | 14,344 |
| Current year balance outstanding | 4,694 | 2,728 |
| Previous years balance outstanding | 1,001 | 813 |
| Total Business Rates balance outstanding | 5,695 | 3,541 |

| | | |
|----------------------------------|--------|--------|
| Collection Rates Current Year | 79.90% | 81.10% |
| Housing Benefit | | |
| Overpayment balances outstanding | 846 | 1,054 |
| Sundry Debtors | | |
| Balance Outstanding - General | 364 | 365 |
| Balance Outstanding - Commercial | 1,143 | 1,063 |

34. Business rates collection can fluctuate month-on-month but collection is broadly in line with expectations at this point in the year.
35. In respect of the figures above, the Council's share represents approximately 9% of Council Tax income and 40% of Business Rates income.
36. The Sundry Debtors figure reflects the position compared to the same period last year. The outstanding Commercial debt reflects agreements reached on deferred rent during the pandemic and lease agreements that have now been confirmed, at Market Walk. As a result, it is forecast that no further increase will be required to the bad debt provision in 2022/23.

Climate change and air quality

37. 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

38. N/A

Risk

39. 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

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

Comments of the Monitoring Officer

41. 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 | Neil.Halton@chorley.gov.uk | N/A | 19/01/2023 |
| Gaynor Simons | Gaynor.Simons@chorley.gov.uk | N/A | 19/01/2023 |