

Report of	Meeting	Date
Director (Finance) (Introduced by Executive Member (Resources))	Executive Cabinet	13/09/2023

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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2023/24 Corporate Capital Programme and Balance Sheet Monitoring Report outturn Position at 31st July 2023

Purpose of the Report

1. To report the outturn financial position of the Council in respect of the capital programme at 31st July 2023, highlighting key issues and explaining key variances, and to provide an overview of various elements of the Council's Balance Sheet at 31st July 2023.

Recommendations to Executive Cabinet

2. To approve the revised capital programme as attached at Appendix A, which includes an amendment to the programme of £5.684m, as detailed at point 11 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, at 31st July 2023.

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:

An enterprising economy with vibrant local centres in urban and local areas	Green and sustainable Borough
Housing where residents live well	Healthy, safe and engaged communities

Background to the report

8. The capital budget for 2023/24 was set at £21.103m at Council in February 2023. This was increased following approval of the 2022/23 outturn to £22.998m.

Section A: Capital Programme

Key issues

9. The total cost of the Council's capital investment programme for 2023/24 has decreased since the 2022/23 outturn report approved by Cabinet, **from £22.998m to £18.191m** as at 31st July 2023. 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**.
10. The breakdown of the net decrease in the programme of **£4.807m** 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
11. Budget variations approved since the last monitoring report have resulted in a total increase of **£5.580m** 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
Asset Improvements			(85)		This report	N/A
Strawberry Fields				85	This report	N/A
Queens Road Car Park				321	Council	18/07/23
Public Realm Town Centre			(321)		Council	18/07/23
Relocation of the Bengal St Depot	2,000	1,750			Council	18/07/23
Leisure Centre Transfer			(244)		This report	N/A
Leisure Centre Improvements				244	This report	N/A
Play, Recreation and Open Space Projects	75				This report	N/A
Chorley Adaptation Grant		775			This report increase in grant	N/A
Tatton Gardens	980				Council	18/07/23
TOTAL	3,055	2,525	(650)	650		

12. A re-profiling of budgets from 2023/24 to future years has been undertaken. The total movement of budgets from 2023/24 amounts to **£7.862m**. 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
Buckshaw Village Rail Station	696
Chapel St and Surrounding Public Realm	2,297
Public Realm Town Centre	2,379
Town Hall and White Hart Works	1,000
Chorley Health Centre	250
Leisure Centres Improvements - New Contract	1,240
Total	7,862

13. As at 31st July 2023 the actual capital expenditure across the programme was **£549K**, which represents 3% of the forecast position as at period 1.

Major variations in the 2023/24 Capital Programme since the previous report

An Enterprising Economy With Vibrant Local Centres In Urban And Local Areas

14. Asset Improvements – A request is made to vire £85k from the Asset Improvements scheme into the Strawberry Fields scheme to cover the costs to complete the reconfiguration works to replace the hot desking area with more office space to meet demand.
15. Other schemes have been reprofiled across years to reflect when spend is more likely to occur given likely planning and procurement requirements. These include £696k for Buckshaw Village Rail Station, £2,297k for Chapel St and Surrounding Public Realm, £2,379k Public Realm Town Centre, £1,000k Town Hall and White Hart Works.

Green And Sustainable Borough

16. Chorley Health Centre – The £250k budget has been reprofiled into 24/25 as discussions are still ongoing regarding this scheme.

Housing Where Residents Live Well

17. Chorley Adaptation Grant (Formerly DFG) – There is an increase in future years of £775k to reflect the MTFs budget approved at Council in February 2023.
18. Leisure Centre Transfer and Leisure Centre Improvements – A Virement of £244k from Leisure Centre Transfer to Leisure Centre Improvements is requested to combine these schemes.

£1.240m has been reprofiled to future years on the Leisure Centre Improvements Scheme to reflect when the costs will be incurred. A proposal and specification is currently being drawn up for the decarbonisation and refurbishment of the Council owned leisure centres.
19. King George V Playing Fields – There is a forecast overspend of £75k on this scheme a request is made to increase the budget by this value to cover the costs to complete the scheme, this will be funded from capital receipts already held.

Section B: Balance Sheet Monitoring

Overview

20. 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

21. 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

22. 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.

23. 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. Interest rates on investments have also increased in response to this. The £55k forecast overspend on debt interest payable is covered by the forecast increase on interest and investment income. There is an underspend on the MRP budget of £345k due to the differences in the mix of funding used to fund the capital programme in 2022/23 and the slippage of schemes into 2023/24.

	Original Budget 2023/24 £000s	Forecast Outturn at 31st July 2023 £000s
Interest and Investment Income	(20)	(200)
Debt Interest Payable	2,197	2,097
Minimum Revenue Provision (MRP)	1,530	1,427
TOTAL	3,707	3,324

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

	As at 31st Jul 2023	As at 31st Jul 2022
Short term borrowing	£11.731m	£1.904m
Long term borrowing	£66.094m	£59.758m
Total Borrowing	£77.825m	£61.662m
Investments made by the Council	£5m	Nil
Cash Balances Held	£6.661m	£11.351m

25. 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 July 2023. The table also shows the corresponding level of debt at the same point in the last financial year.

	Position at 31st Jul 2023 £000s	Position as at 31st Jul 2022 £000s
Council Tax		
Expected Council Tax Collectable in 23/24 (22/23)	82,678	79,032
Current year balance outstanding	49,095	46,948
Previous years balance outstanding	5,018	4,552
Total Council Tax balance outstanding	54,113	51,500
Collection Rates Current Year	37.05%	37.15%
Business Rates		
Expected Business Rates Collectable in 23/24 (22/23)	25,826	25,137
Current year balance outstanding	16,010	16,080
Previous years balance outstanding	1,332	1,329
Total Business Rates balance outstanding	17,342	17,409
Collection Rates Current Year	32.73%	32.07%
Housing Benefit		
Overpayment balances outstanding	869	978
Sundry Debtors		
Balance Outstanding - General	489	403
Balance Outstanding - Commercial	1,151	1,208

26. Business rates collection can fluctuate month-on-month but collection is broadly in line with expectations.

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

28. The Sundry Debtors figure reflects the position compared to the same period last year. Regular meetings are being held to review the Commercial outstanding debt, currently there is outstanding debt of £594k that is over 394 days old which, based on accounting practice, will be fully provided for in the Bad Debt Provision. As a result, an increase to the bad debt provision of £164k is required.

Climate change and air quality

29. 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

30. N/A

Risk

31. 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

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

Comments of the Monitoring Officer

33. No Comment.

Background documents

There are no background papers to this report.

Appendices

Appendix A – Capital Programme Summary

Appendix B – Scheme Variations

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