

Report of	Meeting	Date
Director of Finance and Section 151 Officer and Section 151 Officer (Introduced by Cabinet Member (Finance and Public Protection))	Informal Cabinet	08/06/2023
	Corporate, Performance and Budget Scrutiny Committee	12/06/2023
	Cabinet	21/06/2023

2022/23 Capital Programme and Balance Sheet Monitoring Report position at 31st March 2023

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. This report outlines the financial position of the Council in respect of the capital programme at 31st March 2023, highlighting key issues and explaining key variances, and provides an overview of various elements of the Council's Balance Sheet as at 31st March 2023.

Recommendations to Cabinet

2. To approve the revised capital programme as attached at **Appendix A** which includes amendments to the programme, as detailed in points 12 to 15 of this report, since the last Capital Monitoring report for the 9 months to 31st December 2022 was approved by Cabinet in February 2023;
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 March 2023.

Reasons for Recommendations

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

Alternative Options Considered and Rejected

6. None

Corporate priorities

7. The report relates to the following corporate priorities:

An exemplary council	Thriving communities
A fair local economy that works for everyone	Good homes, green spaces, healthy places

Background

8. The capital budget for 2022/23 was set at £29.194m in February 2022. It was increased following approval of the outturn position for 2021/22 to £43.349m. In the last monitoring report, which covered the period to the end of quarter 3 and was approved at Cabinet in February 2023, the 2022/23 programme was reduced to £24.255m.
9. A significant proportion of the £43.349m budget approved at outturn in 2021/22 related to the major capital schemes including Jubilee Gardens Extra Care, Leisure Centre Refurbishments and decarbonisation and the Leyland Town Deal, all of which have experienced significant slippage in delivery over to 2023/34.

Section A: Capital Programme

Key Issues

10. The total cost of the Council's capital investment programme for 2022/23 has decreased from £24.255m, as approved by Cabinet in the report to 31st December 2023, to £13.555m at 31st March 2023; this includes the variations approved since the last report, along with those contained within this report itself. A summary of the total costs of the programme, and the funding of this, is detailed at **Appendix A**.
11. The net variation of £10.700m is detailed by scheme in **Appendix B**. This relates to adjustments in respect of reprofiling budgets within the existing programme.
12. Slippage and re-profiling of budgets from the programme in 2022/23 to 2023/24 since the previous report, is detailed on the individual schemes in **Appendix B**. The largest movements are explained in the major variations section that follows.

Scheme	Slippage and Reprofiting From 2022/23 to 2023/24 £'000
Good Homes, Green Spaces and Healthy Places	
Green Infrastructure unallocated	105
Cycle and Bridleways	14
Electric Vehicle Charging Points	193
Worden Park	341
Worden Hall refurbishment	263
Hurst Grange Paths and Coach House	89
Parks and Open Spaces	297
Playgrounds	225
Sport Pitch Hub	321
Council Leisure Facilities other than Leisure Centres	183
Leisure Centre refurbishment and decarbonisation works	2,869
Affordable Housing - former McKenzie Arms, Bamber Bridge	583
Disabled Facilities Grants	676
Extra Care scheme	121
Other Housing schemes	45
A Fair Economy That Works For Everyone	
Church Road, Bamber Bridge/Parking Meters	6
Masterplanning & Regen - Penwortham	100
Quin Street Residential	(10)
Demolition and Asbestos Removal	300
Site Acquisitions	1,186
BASE	4
Fees	199
Town Deal RIBA Stage 3	29
Thriving Communities	
Leisure Local	310
Kingsfold Community Centre Improvements	82
Lostock Hall Academy Grant	300
Fox Lane Sports and Social Club	100
Penwortham Priory Academy	180
Gregson Lane Community Centre Grant	150
Neighbourhood Improvements	360
An Exemplary Council	
IT Unallocated Funding	366
ICT	426
Air Quality Monitors	3
Corporate Buildings	47
Vehicles and Plant replacement programme	668
Total	11,131

13. There has been an overall increase in the programme of £431k in 2022/23 and £41k in 2023/24 as detailed in the table below;

14. Narrative is also provided below in respect of the virements within the overall programme budget for;

- Haig Avenue/Car Park Resurfacing Ryefield Avenue

15. At 31st March 2023 there were credit balances totalling £11k on Leisure Centre Receptions, Playground Hurst Grange and St Mary's Penwortham Churchyard due to an over provision of accruals in 21/22 and credit notes. These credit balances have been removed in year and used to offset costs across the 2022/23 capital programme.

Scheme	Increase / (Reduction) 2022/23 £'000	Increase / (Reduction) 2023/24 and future years £'000	Virement From	Virement To	Approved by	Date Approved
Worden Park Infrastructure				418	Cabinet	15/03/23
Green Infrastructure			(355)		Cabinet	15/03/23
Leyland Loop			(62)		Cabinet	15/03/23
Withy Grove Wood Chip				16	Exec Member	24/01/23
Green Infrastructure			(16)		Exec Member	24/01/23
Haig Avenue			(3)		Subject to approval in this report	
Car Park Resurfacing Ryefield Avenue				3	Subject to approval in this report	
A tree for every resident	8	41			Subject to approval in this report	
Disabled Facilities Grant	50				Subject to approval in this report	
Leisure Local	164				Cabinet	20/06/22
Neighbourhood Improvements	220				Cabinet	20/06/22
Credit adjustments taken to reflect outturn detailed at point 15	(11)				Subject to approval in this report	
	431	41	(437)	437		

16. At 31st March 2023 the actual capital expenditure incurred across the programme during the year has reduced to £13.555m. This is due to delays on the major schemes Leisure Centre Refurbishments, McKenzie Housing, Extra Care and Leyland Town Deal.

Major Variations in the Capital Programme since the previous report

Good Homes, Green Spaces and Healthy Places

17. Green Infrastructure and Leyland Loop – the £105k Green Infrastructure scheme and £15k Leyland Loop scheme budgets have been reprofiled into 2023/24 and then the total 2023/24 budgets for these schemes of £355k and £62k respectively, have been vired into

the Worden Park Infrastructure scheme as approved by Cabinet on 15 March 2023. The contract for the Worden Park Infrastructure scheme was also approved in the same Cabinet report and works are expected to commence in 2023/24.

18. Electric Vehicle Charging Points – It was expected that the equipment would be installed and become operational prior to the end of the financial year, however the works are now expected to commence in the early part of 2023/24.
19. Worden Hall Refurbishment – The final account payment to the main contractor has now been agreed and included in the 2022/23 capital programme costs. The remaining budget of £263k has been reprofiled to 2023/24 to allow for any final costs relating to the project, which if unspent will be released from the capital programme.
20. Parks and Open Spaces/Playgrounds – Budget totalling £522k has been transferred to 2023/24 to match the expected timing of spend across several small capital schemes in relation to upgrades to parks and open spaces.
21. Sport Pitch Hub – The works to the pavilion and sports pitch hub is now complete and both are operational. Section S278 works still need to be completed and £321k has been reprofiled to 2023/24 to cover these costs.
22. Council Leisure Facilities Other Than Leisure Centres – Budget of £183k has been reprofiled into 2023/24 awaiting the finalisation of plans.
23. Leisure Centre Refurbishment and Decarbonisation – Enabling works are underway for the installation of the decarbonisation equipment. Due to delays in the delivery of the equipment, £2.869m has been reprofiled into 2023/24.
24. Affordable Housing – Former McKenzie Arms, Bamber Bridge – There has been a slight delay in works on site, and budget of £583k has been slipped into 2023/24 to match final costs on completion of the scheme.
25. Disabled Facilities Grant – There has been an increase of £50k to the DFG scheme budget following the receipt of contributions from external sources in respect of works undertaken; in addition, £636k of the 2022/23 budget has been reprofiled into 2023/24. A number of issues have caused delays in the delivery of the programme including pressures in the Occupational Therapy Service at Lancashire County Council, who have a significant back log of referrals, and also in the number of complex children's cases which require property extensions, for which the applications are currently being processed.
26. Extra Care Scheme – There have been a number of changes to staffing within the Major Projects Team which has impacted on the delivery of this scheme; staff are now in post in the team and they are working to drive this scheme forward. As a result, slippage of £121k into 2023/24 is reported.

A Fair Economy that works for everyone

27. Master planning and Regeneration – Penwortham – A further £100k has been reprofiled to 2023/24.
28. Leyland Town Plan – £1.708m of budget has been reprofiled into 2023/24 mainly due to the fact that a number of site acquisitions have not yet completed. The contracts for the demolition have now been agreed and this work is expected to be completed early in 2023/24. The profiling of the Leyland Town Plan works will be reviewed again in 2023/24.

29. There are several other schemes where budgets have been slipped into 2023/24 to more accurately reflect the likely spending profile; these schemes include Church Road, Bamber Bridge £4k and Parking Meter Replacements £2k.

Thriving Communities

30. Leisure Local – Due to the nature of the expenditure, successful Leisure Local applications totalling £164k have been spent through the 2022/23 capital programme and as such, a budget increase from revenue reserves specifically ear-marked for this expenditure, has been applied to match this spend.

The original approved capital budget of £310k has not been utilised in year and has therefore been carried forward over to 2023/24; plans are to be developed in respect of this.

31. Neighbourhood Improvements - As for the expenditure on Leisure Local in point 30 above, successful Boost Fund Plus applications totalling £220k have been spent through the 2022/23 capital programme and as such, a budget increase from revenue reserves specifically ear-marked for this expenditure, has been applied to match this spend.

The original approved capital budget of £360k remains unspent and has been reprofiled into 2023/24 to reflect when the spend is anticipated

32. There is further slippage on several other schemes from 2022/23 into 2023/24 to more accurately reflect the likely spending profile; these schemes include Kingsfold Community Centre Improvements £82k, Lostock Hall Academy £300k, Fox Lane Sports and Social Club £100k, Penwortham Priory £180k and Gregson Lane Community Centre £150k.

An Exemplary Council

33. Information Technology Programme - It was expected that £1.413m would be incurred in 2022/23, however the actual expenditure at 31st March 2023 was only £620k, as such the balance on the scheme budget has been reprofiled into 2023/24.

34. Vehicles and Plant Replacement Programme – The planned vehicle replacement programme for 2022/23 anticipated replacement costs of £738k, however at 31st March 2023 only £70k of expenditure had been incurred; as such, budget of £668k has been reprofiled into 2022/23/24. A full review will be undertaken regarding the 2023/24 replacement programme and profiled accordingly.

Section B: Balance Sheet

Overview

35. 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. Key liabilities include long and short-term borrowing, creditors and reserves.

Non-current Assets

36. 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

37. 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.

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 remains at nil compared to £94K budget. Minimum Revenue Provision (MRP) costs are £358k against a budget of £320k; this is due to a higher level of capital expenditure in 2021/22 than that which had been forecast at budget setting, and on which the MRP budget was set.

Interest rates on investments are also now increasing, with a yield for the year to 31st March 2023 of £834k compared to the original budget set of £150k.

	Actual 2022/23 £'000	Original Budget 2022/23 £'000
Interest and Investment Income	(834)	(150)
Debt Interest Payable	0	94
Minimum Revenue Provision (MRP)	358	320
TOTAL	(476)	264

38. The current borrowing and investment position is as follows;

	As at 31st March 2023 £'000	As at 31st March 2022 £'000
Short term borrowing	Nil	Nil
Long term borrowing	Nil	Nil
Total Borrowing	Nil	Nil
Investments made by the Council	27,500	38,000
Cash Balance	8,098	18,155

Debtors

39. 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 at 31st March 2023.

	Position at 31st March 2023 £'000	Position as at 31st March 2022 £'000
Council Tax		
Expected Council Tax Collectable 22/23 (21/22)	77,611	73,988
Current year balance outstanding	2,126	2,533
Previous years balance outstanding	4,284	4,280
Total Council Tax balance outstanding	6,410	6,813
Collection Rates	96.78%	96.50%
Business Rates		
Expected Business Rates Collectable 22/23 (21/22)	36,317	34,293
Current year balance outstanding	2,081	1,327
Previous year balance outstanding	1,515	1,123
Total Business Rates balance outstanding	3,596	2,450
Collection Rates	94.46%	96.14%
Housing Benefit		
Overpayment balances outstanding	748	847
Sundry Debtors		
Balance outstanding	544	666

40. Business Rates collection can fluctuate month on month, but collection is broadly in line with expectations at this point in the year.
41. For debts relating to Housing Benefit and Sundry Debtors, in line with accounting standards and practice, the Council holds a provision for bad debts.
42. In respect of the figures above, the Council's share represents approximately 10.5% of Council Tax income and 40% of Business Rates income.

Climate change and air quality

43. 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

44. None

Risk

45. 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

46. The financial implications are contained within this report.

Comments of the Monitoring Officer

47. There are no concerns with this report from a Monitoring Officer perspective.

Background documents

48. There are no background documents to this report

Appendices

Appendix A – Capital Programme

Appendix B – Capital Programme Scheme Variations

Report Author	Email	Telephone	Date
Neil Halton (Principal Management Accountant),	neil.halton@southribble.gov.uk ,		15/05/2023
Gaynor Simons (Senior Management Accountant)	gaynor.simons@southribble.gov.uk		15/05/2023