

Report of	Meeting	Date
Director of Finance and Section 151 Officer (Introduced by Cabinet Member (Finance and Public Protection))	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 Capital Programme and Balance Sheet Monitoring Report – outturn position at 31st July 2023

Purpose of the Report

1. This report outlines 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 provides an overview of various elements of the Council's Balance Sheet as at 31st July 2023.

Recommendations to Cabinet

2. To approve the revised capital programme as attached at **Appendix A** which includes approved amendments to the programme, as detailed at point 11 of this report, since the last Capital Monitoring report was approved by Cabinet in June 2023;
3. To note the variations to the programme, (which are detailed, by scheme, at **Appendix B** and referenced within the body of report. It is noted that work is underway with the Property Team to review the Jubilee Gardens, Town Deal and leisure schemes, and these will be updated in the Quarter 2 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 July 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 £40.030m in February 2023. It was increased following approval of the outturn in 2022/23 to £51.161m.

Section A: Capital Programme

Key Issues

9. The total cost of the Council's capital investment programme for 2022/23 has increased from £51.161m, as approved by Cabinet in the 2022/23 Outturn report, to £52.768m at 31st July 2023; this includes the variations approved since the last report, along with those contained within in this report itself. A summary of the total costs of the programme, and the funding of this, is detailed at **Appendix A**.
10. The net variation of £1.607m is detailed by scheme 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 previous monitoring report are shown in the table below and have resulted in a increase of £2.174m in the 2023/24 budget.

Scheme	Increase / (Reduction) 2023/24 £'000	Increase / (Reduction) 2024/25 and future years £'000	Virement From	Virement To	Approved by	Date Approved
Worden Park Sewerage pumping station and septic tanks				15	Executive Member	01/06/23
Worden Park infrastructure and landscaping			(15)		Executive Member	01/06/23
Withy Grove Play Area	110				Council	24/05/23
Tardy Gate Play Area				275	Council	19/07/23
Neighbourhood Improvement Fund			(275)		Council	19/07/23
South Ribble Family Wellbeing Centre	300				Council	19/07/23
Jubilee Gardens	1,764				Council	19/07/23
	2,174	-	(290)	290		

12. Slippage and re-profiling of budgets from the programme in 2023/24 to 2024/25 since the previous report totals £0.566m, as detailed on the individual schemes in **Appendix B**. The largest movements are explained in the major variations section that follows.

Scheme	Slippage and Reprofiling From 2023/24 to 2024/25 £'000
Good Homes, Green Spaces and Healthy Places	
Green Link - Penwortham Holme to Howick	310
Shaw Brook Weirs and Banking	121
Withy Grove Park	60
A Fair Economy That Works For Everyone	
New Longton Regeneration	75
Total	566

13. At 31st July 2023 the capital expenditure across the programme was £4.789m, this is 9% of the approved budget.

Major Variations in the Capital Programme since the previous report

Good Homes, Green Spaces and Healthy Place

14. Green Link – Penwortham Holme to Howick – The budget has been reprofiled to future years, due to ongoing land issues.

15. Shaw Brook Weirs and Banking – the scope of this scheme is under review and has therefore been reprofiled to 2024/25 to reflect when works will be undertaken.

16. Open Spaces – Balcarres Road – the remaining unspent budget of £821 will be used to fund the insurance excess payment on the replacement tower slide at Withy Grove Park as approved at Council on 24th May 2023.
17. Withy Grove Park – The £60k budget has been reprofiled to 24/25, as the scheme of works required is currently being assessed.
18. Extra Care – Jubilee Gardens – An increase of £1.764m to this scheme was approved by Council on 19th July 2023. The current profiling of this budget is currently under review and any changes to this will be reported in the Qtr 2 Capital Programme and Balance Sheet Monitoring Report.

A Fair Economy that works for everyone

19. Town Deal – Demolition of the NFM Iddons site is due to commence this financial year. The profile of this budget is under review to better reflect the timing of the completion of works and will be reported in future reports.

Thriving Communities

20. St Mary's Churchyard – An Executive Member Decision was approved in June 2023 to award the contract and the works are expected to complete in this financial year

An Exemplary Council

21. Vehicle and Plant Replacement Programme – a review of the planned timing of expenditure is underway and any reprofiling of budgets will be reported in the Qtr 2 Capital Programme and Balance Sheet Monitoring Report.

Section B: Balance Sheet

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. 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 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. Interest rates on investments have also increased in response to this. Interest receivable on cash and investments is £1,2m compared to a budget of £772k due to interest rate increases.

	Budget at 31st July 2023 £'000	Forecast as at 31st July 2023 £'000
Interest and Investment Income	(772)	(1,200)
Debt Interest Payable	0	0
Minimum Revenue Provision (MRP)	346	346
TOTAL	426	(854)

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

	As at 31st July 2023 £'000	As at 31st July 2022 £'000
Short term borrowing	Nil	Nil
Long term borrowing	Nil	Nil
Total Borrowing	Nil	Nil
Investments made by the Council	26,000	32,000
Cash Balance	17,267	16,700

Debtors

26. 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 July 2022.

	Position at 31st July 2023 £'000	Position as at 31st July 2022 £'000
Council Tax		
Expected Council Tax Collectable 22/23 (21/22)	81,351	77,429
Current year balance outstanding	46,665	52,115
Previous years balance outstanding	5,872	5,333
Total Council Tax balance outstanding	52,537	57,448
Collection Rates	38.29%	38.37%
Business Rates		
Expected Business Rates Collectable 22/23 (21/22)	39,193	36,489
Current year balance outstanding	24,410	19,429
Previous year balance outstanding	2896	1,925
Total Business Rates balance outstanding	27,306	21,354
Collection Rates	37.75%	43.11%
Housing Benefit		
Overpayment balances outstanding	742	809
Sundry Debtors		

	Position at 31st July 2023 £'000	Position as at 31st July 2022 £'000
Balance outstanding	3,913	1,215

27. Business Rates Collection as at 31st July 2023 has decreased to 37.75% compared to 43.11% at 31st July 2022, there are a number of factors that impact upon this, including 22/23 reductions in government relief and increased prepayments over the same period, and the revaluation of rateable values from 1 April 2023 increasing the total rateable values of all rated properties.
28. For debts relating to Housing Benefit and Sundry Debtors, in line with accounting standards and practice, the Council holds a provision for bad debts. Included in the sundry debtors of £3.913m are invoices with a combined value of £2.170m that have been raised to Chorley Borough Council and Lancashire County Council, £467k one off development and invoices and £42k other one of miscellaneous bills.
29. In respect of the figures above, the Council's share represents 10% of Council Tax income and 40% of Business Rates Income.

Climate change and air quality

30. 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

31. None

Risk

32. 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

33. The financial implications are contained within this report.

Comments of the Monitoring Officer

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

Background documents

35. There are no background documents to this report

Appendices

- Appendix A – Capital Programme
Appendix B – Capital Programme Scheme Variations

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