

Report of	Meeting	Date
Director of Finance and Section 151 Officer (Introduced by Cabinet Member (Finance and Public Protection))	Cabinet	15/11/2023

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 position as at 30th September 2023

Purpose of the Report

1. This report outlines the financial position of the Council in respect of the capital programme at 30th September 2023, highlighting key issues and explaining key variances, and provides an overview of various elements of the Council's Balance Sheet as at 30th September 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 12 of this report, since the last Capital Monitoring report was approved by Cabinet in September 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 30th September 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 2023/24 was set at £40.030m in February 2023. It was increased following approval of the outturn for 2022/23 to £51.161m, then further amended in the Capital Monitoring Report as at 31st July 2023 to £52.768m.

Section A: Capital Programme

Key Issues

9. The total cost of the Council's capital investment programme for 2023/24 has decreased from £52.768m, as approved by Cabinet in the report to 31st July 2023, to £27.280m at 30th September 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**.
10. The net variation of £25.488m is detailed by scheme in **Appendix B**. This includes those variations approved since the previous monitoring report together with adjustments in respect of reprofiling budgets within the existing programme.
11. Budget variations approved since the previous monitoring report are shown in the table below; there has been an increase in the 2023/24 budget of £68k in respect of an additional Disabled Facilities Grant allocation from the Department of Levelling up.
12. Narrative is provided below to seek approval for the virements required in the table below.

Scheme	Increase / (Reduction) 2023/24	Increase / (Reduction) 2024/25 and future years	Virement From	Virement To	Approve d by
	£'000	£'000			
Green Infrastructure				19	Subject to approval in this report
Hurst Grange Park Paths/Ponds			(18)		Subject to approval in this report
Playground Hurst Grange			(1)		Subject to approval in this report
Craft Units Windows and Security Grills				11	Subject to approval in this report
Ice House front façade				10	Subject to approval in this report
Worden Hall Remedial Wall Repairs				6	Subject to approval in this report
Worden Park infrastructure and landscaping			(27)		Subject to approval in this report
Disabled Facilities Grants	68				Subject to approval in this report
Leyland Town Deal Scheme:					
• Demolition and Asbestos Removal				115	Subject to approval in this report
• Site Acquisition s			(115)		Subject to approval in this report
• Fees			(335)		Subject to approval in this report

• Town Deal RIBA Stage 3				335	Subject to approval in this report
	68	-	(497)	497	

13. Slippage and re-profiling of budgets from the programme in 2023/24 to 2024/25 since the previous report totals £25.556m, as 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 2023/24 to 2024/25 £'000
Good Homes, Green Spaces and Healthy Places	
Worden Park Fountain	80
Worden Park Infrastructure and Landscaping	137
Hurst Grange Park drainage	9
Parks - Smaller Parks and Play Areas	120
Jubilee Gardens – Extra Care Scheme	10,585
A Fair Economy That Works For Everyone	
Leyland Train Station Ticket Office	60
Masterplanning & Regen - Penwortham	1,902
Town Deal	11,492
An Exemplary Council	
Vehicles and Plant Replacement Programme	1,171
Total	25,556

14. At 30th September, the capital expenditure across the programme was £7.572m. Whilst spend in relation to the overall programme is quite low at this point in the year, a number of significant projects have commenced and spend has been forecast and reprofiled as per contractor schedules of works.

Major Variations in the Capital Programme since the previous report

Good Homes, Green Spaces and Healthy Places

15. Green Infrastructure – Approval is requested to vire unspent budget of £18k on the Hurst Grant Park Paths/Ponds and £1k from Playground Hurst Grange to allow for planned works on the Green Infrastructure programme to be completed; these works may run into the new financial year.

16. Worden Park Infrastructure and Landscaping – A request to vire budget of £27k from this budget is made to cover the increase in costs as detailed in the table at point 12, on the

Craft Units and Security Grills, Ice House Front Façade, Worden Hall Remedial Wall Repairs due to costs to complete the works being higher than those anticipated. All these schemes are within Worden Park.

£138k has also been reprofiled to 2024/2025 to match when this is likely to be spent.

17. Other Parks and Open Spaces – Budget totalling £209k has been reprofiled into future years as these works are not anticipated to commence in the current financial year.

A review of all the future works required on parks and open spaces is currently being undertaken and a separate report will be brought to Council to consider and approve any future changes and additional works identified.

18. Disabled Facilities Grant – On 7 September 2023 the Department for Levelling up Housing and Communities announced additional Disabled Facilities Grant funding for all Councils; the allocation awarded to South Ribble Borough Council was £67,551. It is requested that this increase is added to the capital programme.

19. Jubilee Gardens Extra Care Scheme – Work is now under way on this site. The contractor has provided a detailed cashflow for the scheme and the budget has been reprofiled on this basis. This results in £10.585m being reprofiled into future years.

A Fair Economy that works for everyone

20. Leyland Train Station– This budget has been reprofiled into 2023/24 as the details of the scheme works are not yet developed and no spend is expected in this financial year.

21. Masterplanning & Regen Penwortham – A consultant is to be employed to progress this project. Budget of £1.902m has been reprofiled into future years, to reflect when the costs to meet the scope of the scheme will be incurred.

22. Town Deal – As per table 1, there are a number of budget movements within the overall Town Deal scheme budget. Budget of £11.492m has also been reprofiled into future years as this will not be utilised in this financial year.

There are a number of variations coming through on the scheme for which a separate report will be presented to Council detailing these once the implications are fully understood.

An Exemplary Council

23. Vehicles and Plant Replacement Programme – A strategy is currently being drawn up in respect of the Vehicle and Plant Replacement Programme; this will be presented for approval in a separate report once completed. Spend is still to be incurred in this financial year of £386k in respect of the purchase of 10 ride on mowers. The remaining budget of £1.171m has been reprofiled into future years to match expected future spend.

Section B: Balance Sheet

Overview

24. 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

25. 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

26. 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 twelve 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 £0.772m due to interest rate increases. This forecast is being monitored closely to ensure that maximum returns are being achieved.

	Original Budget 2023/24 £'000	Forecast as at 30th Sep 2023 £'000
Interest and Investment Income	(772)	(1,200)
Debt Interest Payable	0	0
Minimum Revenue Provision (MRP)	346	346
TOTAL	(426)	(854)

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

	As at 30th Sep 2023 £'000	As at 30th Sept 2022 £'000
Short term borrowing	Nil	Nil
Long term borrowing	Nil	Nil
Total Borrowing	Nil	Nil
Investments made by the Council	30,000	33,000
Cash Balance	15,567	20,992

Debtors

28. 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 30th September 2023.

	Position at 30th Sep 2023 £'000	Position as at 30th Sep 2022 £'000
Council Tax		
Expected Council Tax Collectable 23/24 (22/23)	81,479	77,521
Current year balance outstanding	31,821	29,511
Previous years balance outstanding	5,722	4,989
Total Council Tax balance outstanding	37,543	34,500
Collection Rates	56.94%	57.10%
Business Rates		
Expected Business Rates Collectable 23/24 (22/23)	39,196	36,453
Current year balance outstanding	17,208	14,706
Previous year balance outstanding	2,693	1,840
Total Business Rates balance outstanding	19,901	16,546
Collection Rates	56.14%	57.05%
Housing Benefit		
Overpayment balances outstanding	737	809
Sundry Debtors		
Balance outstanding	2,057	1,828

29. Business Rates collection can fluctuate month on month but collection is broadly in line with expectations.
30. For debts relating to Housing Benefit and Sundry Debtors, in line with accounting standards and practice, the Council holds a provision for bad debts. At Quarter 2 the balance outstanding on sundry debtors is £2.057m compared to £3.913m reported at Quarter 1. The reduction is mainly due to the settlement of invoices of £1.742m by both Chorley Borough Council and LCC.

Even though the overall debt has reduced, an increase in the bad debt provision of £60k is required. This is due to the ageing of a number of debts, as the older the a debt becomes, the likelihood of the debt being recovered reduces; as such a greater provision is required for this.

A review of all the Commercial and Property Team debts has been undertaken, resulting in a more pro-active approach to security recovery of these and, identification for write off if necessary, for example in cases where a debtor has gone into administration.

31. In respect of the figures above, the Council's share represents 10.1% of Council Tax income and 40% of Business Rates Income.

Climate change and air quality

32. 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

33. None

Risk

34. 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.
35. The VAT partial exemption calculation has been completed as at 30th September 2023, there are no expected issues as this is currently within the 5% threshold.

Comments of the Statutory Finance Officer

36. The financial implications are contained within this report.

Comments of the Monitoring Officer

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

Background documents

38. There are no background documents to this report.

Appendices

Appendix A – Capital Programme

Appendix B – Capital Programme Scheme Variations

Report Author	Email	Telephone	Date
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