

Report of	Meeting	Date
Director of Finance and Section 151 Officer (Introduced by Cabinet Member (Finance, Assets and Public Protection))	Cabinet	21/02/2024

Is this report confidential?	No
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Is this decision key?	No
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2023/24 Capital Programme and Balance Sheet Monitoring Report position as at 31st December 2023

Purpose of the Report

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

Recommendations to Cabinet

2. To approve the revised capital programme as attached at **Appendix A**, which includes approved amendments to the programme, detailed at point 12 of this report, since the last Capital Monitoring report was approved by Cabinet in November 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 December 2023;

Reasons for Recommendations

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

Alternative Options Considered and Rejected

6. None, it is a requirement to report quarterly on the Capital and Balance Sheet budget monitoring.

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 Quarter 1 and Quarter 2 Capital Monitoring Reports covering the first 6 months of the year to £27.280m, as approved at Cabinet in November 2023.

Section A: Capital Programme

Key Issues

9. The total cost of the Council's capital investment programme for 2023/24 has decreased from £27.820m at Quarter 2 - 30th September 2023, to £24.236m at Quarter 3 - 31st December 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 £3,044m 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 £155k and an increase in the 2024/25 budget of £200k.

Scheme	Increase / (Reduction) 2023/24	Increase / (Reduction) 2024/25 and future years	Virement From	Virement To	Approved by	Date Approved
	£'000	£'000				
Electric Vehicle Charging Points	155				Council	20/09/23
Craft Units Windows and Security Grills			(23)		Subject to approval in this report	N/A
Corporate Buildings				23	Subject to approval in this report	N/A
Masterplanning & Regen - Penwortham		200			Council	19/07/23
	155	200	(23)	23		

12. Slippage and re-profiling of budgets from the programme in 2023/24 to 2024/25 since the previous report totals £3.199m, as detailed on the individual schemes in **Appendix B**. The largest movements are explained in the major variations section that follows.

Scheme	Slippage and Reprofiled from 2023/24 to 2024/25 £'000
Good Homes, Green Spaces and Healthy Places	
Green Infrastructure	48
Leisure Centre refurbishment and decarbonisation works	3,000
Disabled Facilities Grants	200
Private Sector home improvement grants	100
A Fair Economy That Works for Everyone	
Town Deal:	
Site Acquisition Costs	(149)
Total	3,199

13. At 31st December, the capital expenditure across the programme was £12.275m. Whilst spend in relation to the overall programme is quite low at this point in the year, several significant projects have commenced and spend has been forecast and reprofiled in line with the contractor schedules of works.

Major Variations in the Capital Programme since the previous report

Good Homes, Green Spaces and Healthy Places

14. Green Infrastructure – budget of £48k has been reprofiled into 2024/25 to match the revised forecast of when spend will be incurred.
15. Craft Units Windows and Security Grills - virement of £23k to reflect the allocation of budget against the costs incurred.
16. Leisure Centre Refurbishment and Decarbonisation Works - £3.0m has been reprofiled from 2023/24 to 2024/25, to reflect the timing of connections to the electricity network and for the future refurbishment works. A report on this will be brought forward in the next few months.
17. Disabled Facilities Grant - £200k has been reprofiled from 2023/24 into 2024/25; applications made in the year total £1.2m, however due to the timing of completion of some of the works, an element of costs will be incurred in the new financial year.
18. Private Sector Home Improvement Grants – this scheme is dependent on the number of applications received in year; £100k has been reprofiled into 2024/25 to reflect when the costs of some of the applications are likely to be incurred.

A Fair Economy that works for everyone

19. Leyland Town Deal – a separate report will be presented to Full Council to detail and approve updates to this capital scheme. At Quarter 3, budget of £149k has been reprofiled from 2024/25 into 2023/24 to cover the costs of anticipated acquisitions.

Section B: Balance Sheet

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. 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.

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 £1.40m 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 31st Dec 2023 £'000
Interest and Investment Income	(772)	(1,400)
Debt Interest Payable	0	0
Minimum Revenue Provision (MRP)	346	237
TOTAL	(426)	(1,163)

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

	As at 31st Dec 2023 £'000	As at 31st Dec 2022 £'000
Short term borrowing	Nil	Nil
Long term borrowing	Nil	Nil
Total Borrowing	Nil	Nil
Investments made by the Council	31,060	34,500
Cash Balance	15,626	21,749

Debtors

24. 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 December 2023.

	Position at 31st Dec 2023 £'000	Position as at 31st Dec 2022 £'000
Council Tax		
Expected Council Tax Collectable 23/24 (22/23)	81,732	77,394
Current year balance outstanding	9,349	7,928
Previous years balance outstanding	5,509	4,693
Total Council Tax balance outstanding	14,858	12,621
Collection Rates	84.69%	85.09%
Business Rates		
Expected Business Rates Collectable 23/24 (22/23)	39,215	36,575
Current year balance outstanding	7,624	4,713
Previous year balance outstanding	2,292	1,695
Total Business Rates balance outstanding	9,916	6,408
Collection Rates	80.89%	81.20%
Housing Benefit		
Overpayment balances outstanding	726	846
Sundry Debtors		
Balance outstanding	2,678	2,351

25. Business Rate collection can fluctuate month on month, but collection is broadly in line with expectations.
26. For debts relating to Housing Benefit and Sundry Debtors, in line with accounting standards and practice, the Council holds a provision for bad debts.

There has been an increase in the bad debt provision of £13k from the figure reported at Quarter 2. This is due to the ageing of several 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.

27. 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

28. 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

29. None

Risk

30. 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

31. The financial implications are contained within this report.

Comments of the Monitoring Officer

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

Background documents

33. There are no background documents to this report.

Appendices

Appendix A – Capital Programme

Appendix B – Capital Programme Scheme Variations

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