

Report of	Meeting	Date
Director of Finance and Section 151 Officer (Introduced by Cabinet Member (Finance, Property and Assets))	Cabinet	Wednesday, 14 September 2022

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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2022/23 Capital Programme and Balance Sheet Monitoring Report – outturn position at 31st July 2022

Purpose of the Report

1. This report outlines the outturn financial position of the Council in respect of the capital programme at 31st July 2022, highlighting key issues and explaining key variances, and provides an overview of various elements of the Council's Balance Sheet as at 31st July 2022.

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 2022;
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 July 2022.

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 in 2021/22 to £43.349m.

Section A: Capital Programme

Key Issues

9. The total cost of the Council's capital investment programme for 2022/23 has decreased from £43.349m, as approved by Cabinet in the 2021/22 Outturn report, to £42.765m at 31st July 2022; 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 £0.584m 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 £0.398m in the 2022/23 budget. The increase constitutes two schemes at Fox Lane Sports and Social Club £218k and Penwortham Priory Academy £180k

Scheme	Increase / (Reduction) 2022/23 £'000	Increase / (Reduction) 2023/24 and future years £'000	Approved by	Date Approved
Thriving Communities				
Fox Lane Sports and Social Club	218		Council	20/07/22
Penwortham Priory Academy	180		Council	20/07/22

12. Slippage and re-profiling of budgets from the programme in 2022/23 to 2023/24 since the previous report totals £0.982m, 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 2022/23 £'000
Sumpter Horse Site	(1,000)
Towns Fund Fees	(848)
Quin Street Residential	(563)
Vehicles and Plant replacement programme	(516)
Shaw Brook weirs and banking	(25)
Shaw Wood footpaths	(25)
Arboretum landscaping	(21)
Lighting upgrade to LED - Tardy Gate Playground & 3 other sites	25
Town Deal RIBA Stage 3	491
Demolition and Asbestos Removal	500
Balfour Court	500
Market	500
Total	(982)

13. At 31st July 2022 the capital expenditure across the programme was £3.634m. Whilst spend in relation to the overall programme is quite low a number of significant projects were awaiting final billing while several projects involve grants or acquisitions likely to be undertaken in a small number of transactions.

Major Variations in the Capital Programme since the previous report

Good Homes, Green Spaces and Healthy Places

14. Green Infrastructure – Allocations have been made to the budgets at Penwortham Holme £64k and Hurst Grange £19k to match likely expenditure.

15. Worden Park – the main refurbishment of the hall is nearing completion with the expenditure on landscaping and infrastructure due to start this financial year.

16. Playgrounds and Open Spaces – the LED lighting upgrades have been brought forward to this financial year.
17. Sports Pitch Hub – The hub was handed over to the Council in August 2022 with the final expenditure expected shortly.
18. Leisure Centres /Decarbonisation Works– It is expected the programme will spend over 2022/23 and 2023/24 but we are currently awaiting a detailed cashflow at which point the scheme will be reprofiled at quarter two.
19. McKenzie Arms – work is well underway at the site with final expenditure expected this financial year.

A Fair Economy that works for everyone

20. Town Deal – Following a review of the anticipated timing of expenditure for the Town Deal, the budget has been reprofiled with £580k being brought forward into 2022/23 from future years. Spend will depend upon timing of acquisitions so may vary when further information is known.

Thriving Communities

21. Two new schemes were approved at July Council for Fox Lane Sports and Social Club and Penwortham Priory Academy.

An Exemplary Council

22. IT Schemes – significant purchases have been, and continue to be made. Exact timing of all expenditure is yet to be confirmed but the majority is expected this financial year.
23. Vehicle and Plant Replacement Programme – a revised plan of the timing of expenditure has been undertaken and allocated to correct years.

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 few months, following the increases in the Bank of England Base Rate. Interest rates on investments have also increased in response to this. Debt interest payable is nil compared to a budget of £94k as the expected borrowing has not been required given the spend on the capital programme and the positive cash balances held by the council. Interest receivable on cash and investments is £255k compared to a budget of £150k due to interest rate increases.

	Budget at 31st July 2022 £'000	Forecast as at 31st July 2022 £'000
Interest and Investment Income	(150)	(255)
Debt Interest Payable	94	0
Minimum Revenue Provision (MRP)	320	358
TOTAL	264	103

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

	As at 31st July 2022 £'000	As at 31st July 2021 £'000
Short term borrowing	Nil	Nil
Long term borrowing	Nil	Nil
Total Borrowing	Nil	Nil
Investments made by the Council	33,500	32,000
Cash Balance	17,999	16,700

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 31st July 2022.

	Position at 31st July 2022 £'000	Position as at 31st July 2021 £'000
Council Tax		
Expected Council Tax Collectable 22/23 (21/22)	77,429	73,798
Current year balance outstanding	52,115	43,151
Previous years balance outstanding	5,333	4,930
Total Council Tax balance outstanding	57,448	48,082
Collection Rates	38.37%	38.05%
Business Rates		
Expected Business Rates Collectable 22/23 (21/22)	36,489	31,374
Current year balance outstanding	19,429	19,692

	Position at 31st July 2022 £'000	Position as at 31st July 2021 £'000
Previous year balance outstanding	1,925	1,830
Total Business Rates balance outstanding	21,354	21,522
Collection Rates	43.11%	35.93%
Housing Benefit		
Overpayment balances outstanding	809	918
Sundry Debtors		
Balance outstanding	1,215	1,360

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.
31. In respect of the figures above, the Council's share represents 11.2% of Council Tax income and 16.4% 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.

Comments of the Statutory Finance Officer

35. The financial implications are contained within this report.

Comments of the Monitoring Officer

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

Background documents

37. There are no background documents to this report

Appendices

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

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