

Report of	Meeting	Date
Deputy Director of Finance and Deputy Section 151 Officer and Section 151 Officer (Introduced by Cabinet Member (Finance, Property and Assets))	Cabinet	16/11/2022

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 position at 30th September 2022

Purpose of the Report

1. This report outlines the financial position of the Council in respect of the capital programme at 30th September 2022, highlighting key issues and explaining key variances, and provides an overview of various elements of the Council's Balance Sheet as at 30th September 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 September 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 30th September 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 for 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 £42.765m, as approved by Cabinet in the report to 31st July 2022, to £35.020m at 30th September 2022; 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 £7.745m 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 no increase in the 2022/23 budget. Approval has now been given to consolidate the three leisure refurbishment and decarbonisation schemes into a single programme budget.
12. Narrative is provided below to seek approval for the virements required for the Worden Hall Remedial all repairs and Open Spaces Bent Lane.

Scheme	Increase / (Reduction) 2022/23	Increase / (Reduction) 2023/24 and future years	Virement From	Virement To	Approved by	Date Approved
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	£'000	£'000				
From Green Infrastructure to Worden Hall Remedial Wall Repairs			(45)	45	Subject to approval in this report	
From Parks Smaller parks and play areas to Open Spaces Bent Lane			(30)	30	Subject to approval in this report	
Leisure Centre Refurbishments			(7,711)		Council	21/09/22
Leisure Centre Receptions			(377)		Council	21/09/22
Leisure Centre Decarbonisation and refurbishment				8,088	Council	21/09/22
	-	-	(8,163)	8,163		

13. Slippage and re-profiling of budgets from the programme in 2022/23 to 2023/24 since the previous report totals £7.745m, 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 2022/23
	£'000
Bridleway In Western Leyland	(15)
Walled garden pot house - replace the building frame and base walls	(50)
Parks - Smaller parks and play areas	(100)
Leisure Decarbonisation and refurbishment	(7,357)
Leyland train station ticket office	(60)
New Longton Regeneration	(75)
St Mary's Penwortham - Churchyard wall repairs	(88)
Total	(7,745)

14. At 30th September the capital expenditure across the programme was £5.352m. Whilst spend in relation to the overall programme is quite low, a number of significant projects are awaiting to commence 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

15. Green Infrastructure – Allocations have been made to the budgets at Worden Hall of £45k for remedial wall repairs.
16. Worden Park – the main refurbishment of the hall is nearing completion with the expenditure on landscaping and infrastructure now expected to start in the new financial year.
17. Smaller Parks and Play Areas – An allocation of £30k has been made to the Open spaces Bent Lane scheme to cover the unexpected costs of the remediation works required to the site.
18. As detailed above, there is now a single combined capital programme for the leisure decarbonisation and refurbishment works totalling £13.356m. Approval at this stage has been given for the purchase of the decarbonisation equipment direct from the supplier. Further approval will be sought before the works commences, in line with the delegated authorities within the financial regulations. £7.357m has therefore been slipped to 23/24 as it is unlikely that all the required works will complete in this financial year.
19. Sumpter Horse – There is currently £2m in the budget for a housing scheme at the Sumpter Horse site, this site is now being developed privately by Trafford Housing Trust.

A Fair Economy that works for everyone

20. Town Deal – Timings of when work will commence is currently unknown, as the Council is waiting for notification of the approval of the business cases submitted to central Government. Progress is being made with a number of acquisitions, with the contracts for demolition out to tender.

Thriving Communities

21. St Mary's Penwortham – the works will not be undertaken in this financial year so slippage of £88.3k has been reported.

An Exemplary Council

22. IT Schemes – the initial roll out of the ICT equipment is ongoing, with works on the servers and CCTV to follow over the next couple of months.

Section B: Balance Sheet

Overview

23. 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

24. 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

25. 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. Principal (MRP) is forecast to be £358k against a budget of £320k, due to capital expenditure at outturn being in advance of expected timings at budget setting.

Interest rates on investments are also now increasing, with a forecast yield of £345k compared to the budget of £150k.

	Original Budget 2022/23 £'000	Forecast as at 30th Sep 2022 £'000
Interest and Investment Income	(150)	(345)
Debt Interest Payable	94	0
Minimum Revenue Provision (MRP)	320	358
TOTAL	264	13

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

	As at 30th Sep 2022 £'000	As at 30th Sep 2021 £'000
Short term borrowing	Nil	Nil
Long term borrowing	Nil	Nil
Total Borrowing	Nil	Nil
Investments made by the Council	33,000	27,000
Cash Balance	20,992	18,062

Debtors

27. 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 2022.

	Position at 30th Sep 2022 £'000	Position as at 30th Sep 2021 £'000
Council Tax		
Expected Council Tax Collectable 22/23 (21/22)	77,521	73,930
Current year balance outstanding	29,511	29,330
Previous years balance outstanding	4,989	4,770

	Position at 30th Sep 2022 £'000	Position as at 30th Sep 2021 £'000
Total Council Tax balance outstanding	34,500	34,100
Collection Rates	57.10%	56.50%
Business Rates		
Expected Business Rates Collectable 22/23 (21/22)	36,453	33,891
Current year balance outstanding	14,706	15,604
Previous year balance outstanding	1,840	1,478
Total Business Rates balance outstanding	16,546	17,082
Collection Rates	57.05%	51.97%
Housing Benefit		
Overpayment balances outstanding	809	898
Sundry Debtors		
Balance outstanding	1,828	1,133

28. Business Rates collection can fluctuate month on month but collection is broadly in line with expectations.
29. For debts relating to Housing Benefit and Sundry Debtors, in line with accounting standards and practice, the Council holds a provision for bad debts.
30. 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

31. 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

32. None

Risk

33. 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.
34. The VAT partial exemption calculation has been completed as at 30th September 2022, there are no expected issues as this is currently within the 5% threshold.

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

Report Author	Email	Telephone	Date
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