



# EXECUTIVE BOARD DECISION

**REPORT OF:** Executive Member for Finance and Governance

**LEAD OFFICERS:** Director of Finance

**DATE:** 11 November 2021

**PORTFOLIO/S AFFECTED:** All

**WARD/S AFFECTED:** All

**KEY DECISION:** YES ☒ NO ☐

## **SUBJECT: CORPORATE CAPITAL BUDGET AND BALANCE SHEET MONITORING REPORT 2021/22 – Quarter 2 (6 months to 30<sup>th</sup> September 2021)**

### **1. EXECUTIVE SUMMARY**

To report the overall financial position of the Council in respect of the capital programme as at 30<sup>th</sup> September 2021, highlighting key issues and explaining variations in the first 6 months of the financial year.

### **2. RECOMMENDATIONS**

The Executive Board is asked;

- to approve the revised capital programme as per Appendix 1,
- to approve the variations to the programme shown in Appendix 2,

### **3. BACKGROUND**

All portfolios are required to examine their capital budget position on a monthly basis.

### **4. KEY ISSUES & RISKS**

a) The total cost of the Council's capital investment programme for 2021/22 has now increased from £37.387 million, as approved by Executive Board on 12<sup>th</sup> August 2021, to £38.339 million. The net variation of £0.952 million (detailed in Appendix 2) reflects;

- Variations made to reflect the approval of schemes during the second quarter of the year, including an increase of £3.282 million (of which £0.700 million is funded from reallocation of budgets within the existing 2021/22 programme)
- further variations during the second quarter of the year, for which approval is requested (£0.755 million)
- slippage and re-profiling of budgets during the second quarter of the year (£2.385 million).

b) As at 30<sup>th</sup> September 2021, the capital expenditure across the portfolios was £4.926 million (representing 12.8% of the current, revised projected capital spend).

c) The estimated capital receipts expected in 2021/22 is £5.1 million; £3,009,048 has been received in the first six months of the year.

## 5. POLICY IMPLICATIONS

The information contained within the report accords with the capital strategy and the three year budget forecast within the Medium Term Financial Strategy 2021-24, as approved at Finance Council on 1<sup>st</sup> March 2021.

## 6. FINANCIAL IMPLICATIONS

### 6.1 CAPITAL PROGRAMME

The variations in actual spend and resource availability for 2021/22 are summarised by portfolio in Appendix 1. Variations in spending are set out in Appendix 2.

The capital programme for 2021/22 has increased by £0.952 million in the second quarter of the year. The other main points to note are as follows:

#### 6.1.1 New Approved Capital Schemes

Several capital schemes (new schemes and amendments to existing schemes) were approved in the second quarter of 2021/22 and have now been added to the capital programme as follows:

Scheme	Amount	Approved By	Date Approved
<b>Adults and Prevention Services</b>			
CCTV Hub Upgrade - £75,000 reallocation from Corporate ICT earmarked scheme	£145,000	Executive Member Decision	05-Mar-21
<b>Children's Young People &amp; Education</b>			
Shadsworth Infant School – Heating	£150,000	Executive Board	09-Sept-21
Ashleigh – Heating and ventilation	£35,000	Executive Board	09-Sept-21
Ashworth Nursery – Fencing	£20,000	Executive Board	09-Sept-21
Audley Infants – Upgrade fire alarm	£25,000	Executive Board	09-Sept-21
Audley Infants – Resurfacing pathways	£20,000	Executive Board	09-Sept-21
Audley Infants – Replace fascias and soffits	£55,000	Executive Board	09-Sept-21
Audley Infants & Juniors – Replacing windows and upstandings to lean-to roof structure	£60,000	Executive Board	09-Sept-21
Avondale – Resurface playground	£140,000	Executive Board	09-Sept-21
Belmont – Replace fire alarm	£30,000	Executive Board	09-Sept-21
Brookhouse Primary – Replace roof system	£75,000	Executive Board	09-Sept-21
Brookhouse Primary – Replace Boilers	£40,000	Executive Board	09-Sept-21
Intack Primary – Replacement of external doors	£18,000	Executive Board	09-Sept-21
Longshaw Juniors – Replace fire alarm	£40,000	Executive Board	09-Sept-21
Lower Darwen Primary – Heating	£210,000	Executive Board	09-Sept-21
Roe Lee – Roofing, upstandings and windows	£195,000	Executive Board	09-Sept-21
Roe Lee – Repairs to service road, external areas and automates gates	£100,000	Executive Board	09-Sept-21

Shadsworth Juniors – Replacement of boilers	£40,000	Executive Board	09-Sept-21
Turton and Edgworth – Upgrade fire alarm	£30,000	Executive Board	09-Sept-21
Meadowhead Infants – Drainage installations	£20,000	Executive Board	09-Sept-21
Roe Lee – Perimeter fencing	£4,000	Executive Board	09-Sept-21
Lower Darwen Primary School – Fire alarm replacement	£16,000	Executive Board	09-Sept-21
Project management fee	£50,000	Executive Board	09-Sept-21
Contingency budget	£100,000	Executive Board	09-Sept-21
<b>Public Health and Wellbeing</b>			
Replacement Gym Equipment	£285,000	Executive Board	14-Oct-21
<b>Growth and Development</b>			
Land Release Fund – Clarendon Road Site	£195,000	Director of Finance - Grant Application	27-Sept-21
Acquisition of Penny Street Car Park	£25,000	Executive Board	11-Feb-21
Prayer Shelter at Pleasington Cemetery	£325,000	Executive Board	12-Aug-21
Greenfields CC and Mill Hill Juniors FC Grants	£50,000	Executive Member Decision	22-Oct-21
<b>Digital and Customer Services</b>			
Microsoft 365 and Unified Comms – Reallocation from the Corporate ICT earmarked scheme	£624,950	Executive Board	08-Jul-21
<b>Finance and Governance</b>			
Treescaping Fund	£158,900	Strategic Director Place - Grant Application	20-Sept-21
<b>Total</b>	<b>£3,281,850</b>		

### 6.1.2 Adults and Prevention Services

#### Disabled Facilities Grant

The Council has received an additional allocation of £253,000 for the Disabled Facilities Grant. A variation is requested to increase the scheme by this amount.

### 6.1.3 Children's Young People & Education

#### Capital Allocations for Schools

The final Schools Capital allocation of £4.793 million has been partially allocated, leaving a remaining balance of £3.788 million, as noted in the report approved by Executive Board on 09/09/2021. The scheme allocations, as approved by Executive Board on 09/09/2021, are detailed in 6.1.1.

### 6.1.4 Public Health and Wellbeing

#### Witton Park Cycle Track

A request is made to add a scheme to the capital programme totalling £19,000 for works installing a cycling track at Witton Park. This is to be funded partially by a grant from British Cycling and the remainder by a contribution from revenue.

## 6.1.5 Growth and Development

### Local Transport Plan / Reel Cinema and Jubilee Square

A transfer of £45,000 is requested from the Local Transport Plan to the Reel Cinema and Jubilee Square scheme for works to be undertaken on Jubilee Square.

It is anticipated that the emerging additional costs reported at quarter 1 on the Wainwright Railway Bridge refurbishment scheme will be managed within the existing LTP budget.

### Growth Team Housing Schemes

Approval is sought to slip the following Growth Team Housing Scheme allocations , as these schemes are all on going:

<b>Scheme</b>	<b>Slippage Requested £</b>
Bank Top and Griffin Clearance	150,000
Neighbourhood Intervention Fund	600,000
Equity Loans	50,000
Empty Homes Cluster	300,000
Land Release Fund	450,000
<b>Total Slippage</b>	<b>1,550,000</b>

## 6.1.6 Digital and Customer Services

### Corporate ICT Schemes – Slippage

A request is made to approve the following re-profiling Corporate ICT scheme budgets into 2022/23 for schemes not expected to be completed during the current year:

<b>Scheme</b>	<b>Slippage Requested £</b>
Core Infrastructure Programme	100,000
Corporate Website	10,000
Town Hall IT Infrastructure Upgrade	100,000
Digital Customer Portal	100,000
Microsoft 365 and Unified Comms	525,000
<b>Total Slippage</b>	<b>835,000</b>

## 6.2 CAPITAL RECEIPTS

Actual capital receipts in the first 6 months of the year were £3,009,048. All of these receipts will be utilised in support of the Minimum Revenue Provision.

## 6.3 BALANCE SHEET POSITION

### 6.3.1 Overview

Good balance sheet management assists in the effective use and control over the Council's assets 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.

### 6.3.2 Non-current Assets

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. Property assets are the responsibility of the Finance and Governance portfolio. 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 by way of the capital programme, as reported in Appendix 1.

### 6.3.3 Borrowing and Investments

Long-term borrowing requirements flow from the capital programme. Regular dialogue and meetings take place between the Director of Finance, their staff and the Council's independent treasury consultants Arlingclose, and options for optimising borrowing requirements are actively reviewed.

Both short and long-term borrowing interest rates have risen over the period. Investment interest rates have remained at low rates throughout the second quarter of the year. No further changes are currently forecast from those reported at quarter 1.

#### Interest and Debt Repayments Revenue Budget

	Original Budget £	Forecast at Quarter 1 £	Movement Quarter 2 £	Forecast at Quarter 2 £
Interest and investment income	(15,000)	(15,000)	-	(15,000)
Debt interest payable	12,285,500	11,905,000	-	11,905,000
MRP	6,016,000	5,892,000	-	5,892,000
<b>Total</b>	<b>18,286,500</b>	<b>17,782,000</b>	<b>-</b>	<b>17,782,000</b>

The current borrowing and investment position is as follows:

	Amounts at 30/09/21 £000	Amounts at 30/06/21 £000	Amounts at 31/03/21 £000
Short term borrowing	40,000	69,250	78,250
Long term borrowing	143,564	145,681	145,681
Transferred debt re Local Government Reorganisation	13,311	13,582	13,582
Recognition of debt re PFI arrangements	60,673	61,138	61,603
<b>TOTAL BORROWING</b>	<b>257,548</b>	<b>289,651</b>	<b>299,116</b>
Investments made by the Council	61,873	75,548	58,633

The totals include the debt recognised on the balance sheet as a result of accounting adjustments in respect of bringing the BSF school buildings in to use, which are financed through PFI arrangements. These adjustments are made to ensure that the Council's effective control over, and use of, these assets is recognised with corresponding adjustments to the debt. These changes do not add to the costs faced by the Council Tax payer as the actual capital costs for these schools form part of

the ongoing stream of payments made to the PFI contractor (which are in turn largely offset by PFI grant funding from the Government).

#### 6.3.4 Debtors

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 30<sup>th</sup> September 2021. The table also shows the corresponding level of debt at the same point in the last financial year.

	Position at 30/09/2021	Position at 30/09/2020
<b>Council tax</b>		
Current year balance (£000)	33,986	31,021
Previous year arrears (£000)	12,573	13,753
<b>Total Council tax balances</b>	<b>46,559</b>	<b>44,774</b>
Collection rates	52.5%	52.4%
<b>Business rates</b>		
Current year balance (£000)	18,264	13,878
Previous year arrears (£000)	2,922	3,556
<b>Total Business rates balances</b>	<b>21,186</b>	<b>17,434</b>
Collection rates	51.3%	50.7%
<b>Housing Benefit</b>		
Overpayments balances (£000)	2,527	2,756

\* Last day in month Direct Debits slightly delayed therefore not credited in calculation

Last year the Business Rates collection rate was significantly affected by the measures taken by both central government and the council, to support businesses in the borough through the COVID pandemic. To allow businesses sufficient breathing space from April to June 2020, the council took the decision that it would not request direct debit payments, and instead it would recalculate all Business Rate bills with the instalments reprofiled over the period from July to March.

#### 7. LEGAL IMPLICATIONS

The Council has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.

#### 8. RESOURCE IMPLICATIONS

None.

#### 9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 ☒ Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 ☐ In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. *(insert EIA link here)*

Option 3 ☐ In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. *(insert EIA attachment)*

## 10. CONSULTATIONS

None

## 11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

## 12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

<b>VERSION:</b>	<b>V1.0</b>
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<b>CONTACT OFFICER:</b>	<b>Jody Spencer-Anforth (Ext 507748) Julie Jewson (Ext 5893)</b>
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<b>DATE:</b>	October 2021
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<b>BACKGROUND PAPER:</b>	N/A
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