



# EXECUTIVE BOARD DECISION

<b>REPORT OF:</b>	Executive Member for Finance and Governance
<b>LEAD OFFICERS:</b>	Chief Executive
<b>DATE:</b>	6 <sup>th</sup> July 2023

**PORTFOLIO/S AFFECTED:** All

**WARD/S AFFECTED:** All

**KEY DECISION:** YES ☒ NO ☐

## **SUBJECT: CORPORATE CAPITAL BUDGET AND BALANCE SHEET MONITORING REPORT 2022/23 – Quarter 4 as at 31<sup>st</sup> March 2023**

### **1. EXECUTIVE SUMMARY**

To report the overall financial position of the Council in respect of the capital programme as at 31<sup>st</sup> March 2023, highlighting key issues and explaining variations at the year-end with regard to scheme under/overspends and slippage since the last report to the Executive Board in February 2023.

### **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 2022/23 has now decreased from £28.606 million, as approved by Executive Board on 9<sup>th</sup> February 2023, to £15.602 million at 31<sup>st</sup> March 2023. The net variation of £13.004 million (detailed in Appendix 2) reflects;
  - budget increases of £0.050 million made to reflect the approval of schemes during the fourth quarter of the year,
  - a further budget increase of £0.050 million for costs transferred from the revenue budget,
  - further variations during the final quarter of the year, for which approval is requested (£0.223 million),
  - net underspends on completed schemes of £0.115m
  - slippage and re-profiling of budgets during the final quarter of the year (£13.212 million).
- b) Capital receipts of £4.419 million were received during 2022/23, which were used to support the Minimum Revenue Provision. This compares with the forecast reported to the Executive Board in February of £4.833 million.

## 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 2022/25, as approved at Finance Council on 28<sup>th</sup> February 2022.

## 6. FINANCIAL IMPLICATIONS

### 6.1 CAPITAL PROGRAMME

The variations in actual spend and resource availability for 2022/23 are summarised by portfolio in Appendix 1. Variations in spending are set out in Appendix 2. The capital programme for 2022/23 has decreased by £13.004 million in the final quarter of the year. The 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 final quarter of 2022/23 and have now been added to the capital programme as follows:

Scheme	Amount 2022/23 £	Amount Future Years £	Approved By	Date Approved
<b>Children's and Education</b>				
Creation of new Special School Places	-	£3,700,000	Executive Board	09-Feb-23
Creation of New Secondary School Places	-	£1,249,700	Executive Board	09-Mar-23
<b>Growth and Development</b>				
Local Transport Plan 23-24	£50,000	£8,410,121	Executive Board	09-Mar-23
<b>Total</b>	<b>£50,000</b>	<b>£13,359,821</b>		

Of the total 2023/24 Local Transport Plan funding of £8.410 million, £50,000 relating to the Bus Service Improvement Fund has been spent in 2022/23, and is reflected in the figures in Appendices 1 and 2.

#### 6.1.2 Adults and Prevention Services

##### Disabled Facilities Grant and Telecare Project

At the Executive Board in February 2023, approval was sought to reprofile £1.192 million on the Disabled Facilities Grant scheme and £40,000 on the Telecare Project scheme into 2023/24. Activity on these schemes has been greater than anticipated in the final quarter, and approval is now sought to reprofile amounts of £0.106 million and £6,000 respectively back into 2022/23 to fund the actual expenditure for the year.

##### CCTV Hub Upgrade

Additional costs totalling £8,000 have been incurred on this scheme, and will be financed by a revenue contribution from the CCTV earmarked reserve.

##### Rough Sleeper Accommodation Programme

Approval is requested to carry forward funding of £0.169 million in respect of the Rough Sleeper Accommodation Programme grant, to be used in future years.

### Safer Streets Fund

This project is funded annually by a grant from central government, and additional costs of £4,000 were incurred in 2022/23. Permission has been granted by the grant awarder to use £4,000 of the 2023/24 grant to cover the shortfall, and the budget has been increased accordingly.

### **6.1.3 Children's Young People & Education**

#### Disabled Facilities Grant

Re-profiling of the Disabled Facilities Grant budgets has been necessary, it is therefore requested that £80,000 be slipped into 2023/24 for future spend on this scheme.

#### ICT Schemes

Approval is requested to carry forward £36,000 and £45,000 respectively in respect of the Free School Meals and new Liquid Logic modules to cover future spend on these schemes.

#### Schools Capital Schemes

Unallocated schools capital grant allocations are held in an overarching Capital Allocation Fund within the capital programme until bids against this have been approved. At the end of each financial year, amounts are transferred in and out of the Capital Allocation Fund in respect of schemes that have underspent or overspent respectively. A balance of £5.773 million remains unallocated at the end of financial year 2022/23 to be carried forward and utilised in 2023/24 and beyond.

A project management fee totalling £50,000 is charged to individual school schemes at the end of each financial year, and budget has been apportioned across the relevant schemes accordingly.

Further slippage relating to ongoing schemes within the schools capital programme is as follows:

<b>Scheme</b>	<b>Slippage Requested £'000</b>
Lammack Extension	(173)
Longshaw Nursery Relocation	56
Shadsworth Infants Extension and Remodel	135
Roe Lee Roofing, Upstandings & Windows	11
Roe Lee Repairs to Service Road, Ext Areas & Auto Gates	13
Stansfeld Centre / St Thomas Centre Refurbishment	30
Newfield Roof Repairs	30
Brookhouse MUGA Pitch Repairs	11
Lammack Security Fencing & Electronic Gates	22
Meadowhead Junior Replace Floor Covering to Hall	(11)
Shadsworth Juniors Send Works DDA Compliance	6
St Michael with St John Roofing Works	15
Other Schemes – slippage < £5k	38
<b>Total Slippage</b>	<b>183</b>

#### Family Hubs Transformation

In January 2023 the Council was awarded funding through the Family Hubs and Start for Life programme, to support the creation of a network of family hubs, improving access to a wide range of integrated support services for families with children aged 0–19. The total capital funding awarded is up to £152,350, of which £47,000 has been spent in 2022/23.

#### 6.1.4 Environmental Services

Approval is requested to carry forward a total of £0.767 million across the schemes outlined below, in order for works to be completed in 2023/24.

<b>Scheme</b>	<b>Slippage Requested £'000</b>
Land Remediation Scheme	104
Blakewater Car Park	230
Prayer Shelter at Pleasington Cemetery	83
Children's Play Area Witton Park	350
<b>Total Slippage</b>	<b>767</b>

#### 6.1.5 Public Health and Wellbeing

The capital schemes for replacement gym equipment shown in Appendix 2 were both completed in financial year 2021/22. The underspends showing in 2022/23 relate to an over-accrual of final costs at the end of each project.

#### 6.1.6 Growth and Development

##### Growth Team Housing Schemes

A previously approved contribution of £50,000 from the Housing Needs reserve was applied to the Neighbourhood Intervention Fund during the final quarter of 2022/23. At the Executive Board in February 2023, approval was sought to reprofile £1.613 million on this scheme into 2023/24. However, activity has been slightly more than anticipated during the final quarter, and approval is now sought to reprofile £30,000 back into 2022/23 to fund the actual expenditure for the year.

In addition, approval is sought to slip the following Growth Team Housing Scheme allocations into 2023/24, as these are ongoing:

<b>Scheme</b>	<b>Slippage Requested £'000</b>
Development Investment Fund	13
Land Release Fund	8
<b>Total Slippage</b>	<b>21</b>

##### Assistance to Industry

A request is made to slip the £31,000 that remains unutilised at 31<sup>st</sup> March 2023 for the consideration and approval of grant requests in 2023/24.

##### Blakey Moor

Approval is requested to re-profile a further £580,000 into 2023/24 as the scheme was still ongoing at the end of March 2023.

### Local Transport Plan

Variations to the Local Transport Plan budget are listed in the table below:

<b>Variations Due to Slippage</b>	<b>£'000</b>
Department for Transport grant to be used in 2023/24	(1,307)
S106 Contributions to be used in 2023/24	(1,412)
<b>Total Slippage</b>	<b>(2,719)</b>

### Jubilee Square

The £17,000 budget available for this scheme in 2022/23 consists of funding from the Department for Transport (DfT), however, the expenditure during the year is not eligible to be allocated against this grant. This has resulted in a scheme overspend of £16,000 for the year, and a request is made to re-profile the DfT funding into 2023/24, to cover future eligible works to be undertaken on Jubilee Square.

### Drainage Schemes

The following Drainage Schemes completed during the year, reporting underspends as shown below:

<b>Scheme</b>	<b>Underspend £'000</b>
Waterfall Study	92
Corporation Park Drainage	5
Aqueduct Road Drainage	25
<b>Total Reported Underspends</b>	<b>122</b>

During the final quarter of 2022/23, £1,000 and £36,000 of funding from The Environment Agency was allocated to the Hope Street and Natural Flood Management Drainage Schemes respectively.

Approval is sought to slip the following Drainage Scheme allocations, as these schemes are all ongoing:

<b>Scheme</b>	<b>Slippage Requested £'000</b>
Brecon Road Drainage	37
Quick Win Fund (Hope Street)	9
Natural Flood Management	36
<b>Total Slippage</b>	<b>82</b>

### Affordable Warmth Grants

A request is made to slip the £6,000 that remains unutilised at 31<sup>st</sup> March 2023 for the consideration and approval of grant requests in 2023/24.

### Darwen Tower

Additional costs of £10,000 were incurred during 2022/23, and approval is sought to transfer funding from the Corporate Property Investment budget to cover these.

### Darwen Towns Fund

A request is made to slip the remaining budget of £226,000 into 2023/24, as the scheme was ongoing at year-end.

### Carbon Management Plan

During the final quarter of the year, a transfer of £63,000 was made from the Carbon Management Plan scheme to the Public Sector Decarbonisation Scheme, to cover the expenditure for the year on the latter. A request is made to slip the remaining budget of £4,000 into 2023/24.

### St Johns Church Refurbishment

A request is made to slip the remaining budget of £53,000 into 2023/24, as the scheme was ongoing at year-end.

### UK Prosperity Fund

The UK Shared Prosperity Fund (UKSPF) is part of the Government's Levelling Up agenda, and seeks to support delivery of the following key Levelling Up objectives:

- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging.
- Spread opportunities and improve public services, especially in those places where they are weakest.
- Restore a sense of community, local pride and belonging, especially in those places where they have been lost.
- Empower local leaders and communities, especially in those places lacking local agency.

The primary goal of the UKSPF is to build pride in place and increase life chances across the UK.

As part of the scheme, the Council has been awarded £1.581 million of capital funding over the next three years. The allocation for 2022/23 was £72,000, of which £13,000 has been spent. Approval is sought to slip the remaining £59,000 into 2023/24.

### Bus Service Improvement Fund

The Local Transport Plan budget for 2023/24 that was approved by Executive Board on 9<sup>th</sup> March 2023 included £2.013 million relating to the Bus Service Improvement Fund (BSIF). £50,000 of the funding was spent in 2022/23, apportioned across a number of BSIF schemes, and will be deducted from the available budget in 2023/24.

### St Bede's Multi Use Games Area (MUGA)

A previously approved capital receipts contribution of £56,000 was applied to the St Bede's MUGA scheme during the final quarter of 2022/23 to cover costs incurred during the year.

### Blackburn Museum and Art Gallery Roof Replacement

A request is made to slip the remaining budget of £65,000 into 2023/24, as the scheme was ongoing at year-end.

### 6.1.7 Digital and Customer Services

Approval is sought to slip the following amounts on ICT schemes, as these are all ongoing:

<b>Scheme</b>	<b>Slippage Requested £'000</b>
Finance System	18
Core Infrastructure Programme	30
Legal Services Case Management System	3
Digital Customer Portal	19
Round Management System	3
Replacement HR and Payroll System	(41)
Microsoft 365 and Unified Comms	22
Transition to the Cloud	5
Digital Customer Portal (Phase 2)	13
Core Network Upgrade	(28)
Intranet/iTrent	(7)
<b>Total Slippage and Variations</b>	<b>37</b>

#### Variations

Small variations relating to ICT schemes that completed during financial year 2022/23 are as follows. The total variance has been transferred back to the Corporate ICT budget.

<b>Scheme</b>	<b>Variation £</b>
Corporate Website	1,400
Microsoft Licence Agreement Server and Database	600
Implementation Liquidlogic Group Work Module	(1,000)
<b>Total Reported Variance</b>	<b>1,000</b>

### 6.1.8 Finance and Governance

#### Corporate Accommodation Strategy Phase 2

At the Executive Board in February 2023, approval was sought to reprofile £0.831 million on the Corporate Accommodation Strategy scheme into 2023/24. However, activity has been slightly more than anticipated during the final quarter, and approval is now sought to reprofile £3,000 back into 2022/23 to fund the actual expenditure for the year.

#### Darwen Town Hall Reroofing and Mill Hill Community Centre Roof

Additional costs of £11,000 and £3,000 respectively were incurred during 2022/23 on these schemes, and approval is sought to transfer funding from the Corporate Property Investment budget to cover these.

#### Treescaping Fund

This scheme was ongoing at the end of March 2023, and it is therefore requested that the unspent budget of £20,000 be re-profiled into 2023/24 for the continuing work in respect of this scheme.

## **6.1.9 Earmarked and Contingent Schemes**

### Corporate ICT Earmarked Scheme

£8,000 was added to the Corporate ICT Scheme during the final quarter of the year, relating to funding that had previously been earmarked for reablement, but was no longer required.

Approval is sought to slip the remaining budget of £37,000 on this Earmarked Scheme allocation from the 2022/23 programme to meet costs in future years.

### Corporate Property Investment Earmarked Scheme

Approval is sought to slip the remaining budget of £0.826 million on this Earmarked Scheme allocation from the 2022/23 programme to meet costs in future years.

### Vehicles Earmarked Scheme

Approval is requested to slip the remaining budget of £1.521 million on this Earmarked Scheme allocation from the 2022/23 programme to meet the costs of the vehicle replacement programme in future years. The vehicles purchased in 2022/23, and any purchased in subsequent years, will be considered for sale and leaseback as part of a leasing tender process.

## **6.2 CAPITAL RECEIPTS**

Actual capital receipts at the end of March 2023 were £4.419 million, compared with the £4.833 million forecast reported to the Executive Board in February. 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 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.

### **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.

No long-term borrowing has been taken this year.



The Council's surplus cash balances are managed on a day-to-day basis in line with the Treasury Management Strategy approved by Finance Council. The Council spreads its investment risk over a number of institutions and has limits on how much can be invested in any one institution and for how long. The list of approved institutions is kept under regular review by the Treasury Management Group in conjunction with information from the Council's treasury consultants.

More detail on the Treasury Management performance during 2022/23 and the outturn position for the year is included in the Treasury Management Outturn report, also on the agenda for this meeting.

### Interest and Debt Repayments Revenue Budget

	Original Budget £	Forecast at Quarter 3 £	Movement Quarter 4 £	Year-End Outturn £
Interest and investment income	(25,000)	(937,000)	(378,000)	(1,315,000)
Debt interest payable	12,590,000	11,720,000	3,000	11,723,000
MRP	6,422,000	6,261,000	(71,000)	6,190,000
<b>Total</b>	<b>18,987,000</b>	<b>17,044,000</b>	<b>(310,000)</b>	<b>16,598,000</b>

The current borrowing and investment position is as follows:

	Amounts at 31/03/2022 £000	Amounts at 31/03/2023 £000
Short term borrowing	20,000	0
Long term borrowing	141,790	138,002
Transferred debt re Local Government Reorganisation	13,039	12,632
Recognition of debt re PFI arrangements	59,744	57,527
<b>TOTAL BORROWING</b>	<b>234,573</b>	<b>208,161</b>
Investments made by the Council	42,170	50,817

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 31st March 2023. The table also shows the corresponding level of debt at the same point in the last financial year.

	Position at 31/03/2022	Position at 31/03/2023
<b>Council tax</b>		
Current year balance (£000)	3,975	3,377
Previous year arrears (£000)	11,334	12,303
<b>Total Council tax balances</b>	<b>15,309</b>	<b>15,680</b>
Collection rates	94.8%	95.8%
<b>Business rates</b>		
Current year balance (£000)	883	951
Previous year arrears (£000)	2,723	1,692
<b>Total Business rates balances</b>	<b>3,606</b>	<b>2,643</b>
Collection rates	97.8%	97.8%
<b>Housing Benefit</b>		
Overpayments balances (£000)	2,383	2,151

#### Council Tax

The collection rate is broadly in line with expectations.

### 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 Interim 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>Jenny Bradley (Ext 267681) Simon Ross (Ext 585569)</b>
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<b>DATE:</b>	June 2023
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<b>BACKGROUND PAPER:</b>	N/A
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