

EXECUTIVE BOARD DECISION



REPORT OF:	Executive Member for Finance and Governance
LEAD OFFICERS:	Strategic Director Finance and Resources
DATE:	8th February 2024

PORTFOLIO/S AFFECTED:	All
WARD/S AFFECTED:	All
KEY DECISION:	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>

SUBJECT: CORPORATE CAPITAL BUDGET AND BALANCE SHEET MONITORING REPORT 2023/24 – Quarter 3 as at 31st December 2023

1. EXECUTIVE SUMMARY

To report the overall financial position of the Council in respect of the capital programme as at 31st December 2023, highlighting key issues and explaining variations in the first nine months of the 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 2023/24 has now decreased from £59.215 million, as approved by Executive Board on 9th November 2023, to £41.752 million at 31st December 2023.

The net variation of £17.463 million (detailed in Appendix 2) reflects;

- budget increases of £1.668 million that have been approved during the period (of which £0.030 million is funded by transfers from existing capital scheme budgets),
- budget increases of £1.239 million (of which £0.002 million is funded by transfers from existing capital scheme budgets), for which approval is requested,
- slippage and re-profiling of budgets of £20.338 million, for which approval is requested.

- b) As at 31st December 2023, the capital expenditure across the portfolios was £11.147 million (representing 26.70% of the current, revised projected capital spend).

c) The estimated capital receipts expected in 2023/24 is £5.592 million; £2.970 million has been received in the first nine 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 2023-26, as approved at Finance Council on 27th February 2023.

6. FINANCIAL IMPLICATIONS

6.1 CAPITAL PROGRAMME

The variations in actual spend and resource availability for 2023/24 are summarised by portfolio in Appendix 1. Variations in spending are set out in Appendix 2.

The capital programme for 2023/24 has reduced by £17.463 million in the third 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 third quarter of 2023/24 and have now been added to the capital programme as follows:

Scheme	Amount 2023/24 £	Amount Future Years £	Approved By	Date Approved
Growth and Development				
Youth Investment Fund	643,000	3,642,000	Executive Board	7-Dec-23
Levelling Up (LUF) Projects - Junction 5 & Growth Corridor	700,000	2,800,000	Executive Board	7-Dec-23
Environmental Services				
Refurbish Football Pitches Green Lane, Blackburn	317,900	-	Executive Board	7-Dec-23
Finance and Governance				
Coronation Living Heritage Fund	7,300	-	Executive Member	17-Nov-23
Total	1,668,200	6,442,000		

6.1.2 Adults and Prevention Services

Slippage

A request is made to approve the re-profiling of the Disabled Facilities Grant budget into 2024/25 to reflect work unlikely to be completed during the current financial year:

Scheme	Slippage Requested £
Disabled Facilities Grant	1,218,000
	1,218,000

6.1.3 Children's Young People & Education

School Capital Allocations

Unallocated schools capital grant allocations are retained in an overarching Capital Allocations Fund within the capital programme until bids against this have been approved.

There has been a further increase in the Capital Allocations Fund of £0.328 million to reflect;

- a) The 2023/24 allocation of £0.218 million for schools' Devolved Formula Capital (DFC) funding,
- b) £0.110 million which was originally allocated to the Lammack School Extension, but was replaced by additional S106 funding and so has now been added back to the school Capital Allocations Fund.

Any forecast overspends on school schemes will be covered by a transfer from the school Capital Allocations Fund.

Slippage

A request is made to approve the re-profiling of the following scheme budgets into 2024/25 for schemes not expected to be completed during the current financial year:

Scheme	Slippage Requested £
Disabled Facilities Grant (Children's)	400,000
Education - Free School Meals Module	36,000
St Barnabas & St Pauls	135,000
Darwen - Additional School Places	3,250,000
Ashleigh Heating and Ventilation	27,800
Audley Inf & Jnr Replace windows & upstands to lean to roof	60,000
Brookhouse Primary (Nursery) Replace Roof System	75,000
Longshaw Juniors Replace Fire Alarm System	40,000
Roe Lee Roofing, Upstandings & Windows	186,500
Roe Lee Repairs to Service Road, Ext Areas & Auto Gates	96,900
Shadsworth Juniors Replacement of Boilers	40,000
Stansfeld Centre / St Thomas Centre Refurbishment	992,300
Brookhouse MUGA Pitch Repairs	11,000
Audley Infant Culvert Works	20,000
Avondale Rebuild Steps	10,000
Belmont Reslate Roof inc Lead work to valleys & bell tower	33,000
Brookhouse Kitchen Upgrade	50,000
Brookhouse Replace Windows & Doors	10,000
Daisyfield Replace External Doors	15,000
Daisyfield SEND Works DDA Compliance	33,000
Lammack Security Fencing & Electronic Gates	220,000
Lower Darwen Send Works DDA Compliance	40,000
Lower Darwen Fire Risk Assessment Works	25,000
Lower Darwen Perimeter Fencing Repair/Replace	10,000
Meadowhead Infant Replace External Rubber Flooring	10,000
Meadowhead Junior Replace Floor Covering to Hall	7,000
Meadowhead Junior External Path Works	50,000
Meadowhead Junior Fire Risk Assessment Ceiling Works	20,000
Shadsworth Juniors Send Works DDA Compliance	56,800
Newfield School Remodel	2,100,000
Roe Lee School Fencing	100,000
QEGS reconfiguration layout expand provision	137,500
Witton Academy reconfiguration and refurbishment	162,500
	8,460,300

6.1.4 Environmental Services

Slippage

A request is made to approve the re-profiling of the following Environmental Services scheme budgets into 2024/25 for schemes not expected to be completed during the current financial year:

Scheme	Slippage Requested £
Land Remediation Scheme	104,000
	104,000

6.1.5 Growth and Development

Neighbourhood Intervention

Capital receipts of £60,000 have been recycled back into the Neighbourhood Intervention Fund, and approval is requested to increase the scheme by this value.

Equity Loans

Capital receipts of £34,000 have been recycled back into the Equity Loans Fund, and approval is requested to increase the scheme by this value.

Highways Capital Programme

Additional Department for Transport (DfT) funding of £0.306 million was announced for 2023/24 by the Government in October 2023, and approval is requested to increase the scheme by this value.

Additional S106 funding of £0.297 million has also been received for the scheme at Ellison Fold Way, and approval is requested to increase the scheme by this value (although note this is also included in the slippage figure below as it will not be progressed until 2024/25).

Carbon Management Plan

Approval is requested to move £1,900 of funds allocated to the Carbon Management Plan to cover an anticipated overspend of £1,900 in the Public Sector Decarbonisation Scheme (under the Finance and Governance portfolio).

Greenfields CC and Mill Hill Juniors FC Grants

Approval is requested to move £30,000 of funds allocated to the Greenfields CC and Mill Hill Juniors FC Grants scheme, to the new scheme to Refurbish Football Pitches at Green Lane, Blackburn (under the Environmental Services portfolio).

Changing Futures – Toilets

Funding of £0.250 million has been received from the Department for Levelling Up, Housing & Communities to award grants for the creation of Changing Places toilets. Approval is sought to create this scheme with a budget of £0.212 million for 2023/24.

Slippage

A request is made to approve the re-profiling of the following Growth and Development scheme budgets into 2024/25 for schemes not expected to be completed during the current financial year:

Scheme	Slippage Requested £
Development Investment Fund and Development Acquisition fund	75,000
Land Release Fund	104,000
Assistance to Industry	120,000
Highways Capital Programme	4,689,000
Bus Service Improvement Fund	1,664,000
Reel Cinema	38,000
Bury Fold Brook	14,000
Thwaites SPV	145,000
Greenfields CC and Mill Hill Juniors FC Grants	18,000
St Johns Refurbishment	330,000
Levelling Up (LUF) Projects - Junction 5 & Growth Corridor	250,000
	7,447,000

6.1.6 Digital and Customer Services

Slippage

A request is made to approve the re-profiling of the following Corporate ICT scheme budgets into 2024/25 for schemes not expected to be completed during the current financial year:

Scheme	Slippage Requested £
Corporate ICT - Legal Services Case Management System	28,000
Corporate ICT - Town Hall IT Infrastructure Upgrade	140,000
Corporate ICT - Digital Customer Portal	14,000
Corporate ICT - Replacement HR and Payroll System	200,000
Corporate ICT - Microsoft 365 and Unified Comms	100,000
Corporate ICT - Core Network Upgrade	190,000
Digital Flare Replacement	150,000
New BwD Security Operation and Recovery Capability	95,000
Replacement Door Access System	25,000
New Laptop Refresh	600,000
	1,542,000

6.1.7 Finance and Governance

Public Sector Decarbonisation Scheme

As mentioned above, approval is sought to reallocate £1,900 from the Carbon Management scheme to cover an anticipated overspend on the Public Sector Decarbonisation scheme.

Slippage

A request is made to approve the re-profiling of the following budgets into 2024/25 for schemes not expected to be completed during the current financial year:

Scheme	Slippage Requested £
Corporate Accommodation Strategy Phase 2	747,000
Treescaping Fund	15,800
	762,800

6.1.8 Earmarked and Contingent Schemes

Slippage

A request is made to approve the re-profiling of the following budgets into 2024/25 for schemes not expected to be completed during the current financial year:

Scheme	Slippage Requested £
Vehicles (funded by from capital or leased)	804,000
	804,000

6.2 CAPITAL RECEIPTS

Actual capital receipts at the end of December 2023 were £2.970 million. 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. A minimum of 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 Strategic Director Finance and Resources, 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 so far 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.

Both short and long term borrowing interest rates and investment interest rates remained broadly stable over the quarter, largely due to the Bank of England holding the Bank Rate at 5.25% and market expectations that base rates had peaked.

Changes to the income and debt repayment revenue budget forecasts are as follows:

- Interest and investment income is forecast to be £2.919 million higher than the original budget. This is due to increasing interest rates, and the level of the Council's investment balances which has been higher than expected during the first three quarters of the year due to grants received in advance from central government, including in respect of the Darwen Town Deal and Levelling-Up schemes.
- Debt interest payable is forecast to be £1.194 million lower than the original budget, because the Council does not expect to need to take any new borrowing during the year.
- MRP is forecast to be £0.203 million lower than the original budget due to reduced capital spend being incurred in the previous year.

Interest and Debt Repayments Revenue Budget

	Original Budget £	Forecast at Quarter 2 £	Movement £	Forecast at Quarter 3 £
Interest and investment income	(1,300,000)	(2,524,000)	(1,695,000)	(4,219,000)
Debt interest payable	12,760,000	11,687,000	(121,000)	11,566,000
MRP	6,565,000	6,362,000	0	6,362,000
Total	18,025,000	15,525,000	(1,816,000)	13,709,000

The current borrowing and investment position is as follows:

	Amounts at 31/12/2022 £000	Amounts at 31/12/2023 £000
Short term borrowing	5,000	0
Long term borrowing	139,776	131,228
Transferred debt re Local Government Reorganisation	12,768	12,088
Recognition of debt re PFI arrangements	58,082	55,770
TOTAL BORROWING	215,626	199,086
Investments made by the Council	63,052	82,917

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

	Position at 31/12/2022	Position at 31/12/2023
Council tax		
Current year balance (£000)	15,574	18,364
Previous year arrears (£000)	12,917	13,165
Total Council tax balances	28,491	31,529
Collection rates	79.2%	77.7%
Business rates		
Current year balance (£000)	7,811	8,475
Previous year arrears (£000)	3,224	3,652
Total Business rates balances	11,035	12,127
Collection rates	82.1%	80.03%
Housing Benefit		
Overpayments balances (£000)	2,160	2,516

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.

This report has been prepared in accordance with both the Local Government Act 1972 (Sec 151) which states that “*every local authority shall make arrangements for the proper administration of their financial affairs*” and the Local Government Act 2003 which, with its various statutory instruments, sets the legal framework within which the Council may undertake capital expenditure and empowers Councils to raise finance for capital expenditure.

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.

VERSION: V1.0

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DATE:	January 2024
BACKGROUND PAPER:	N/A