



# EXECUTIVE BOARD DECISION

<b>REPORT OF:</b>	Executive Member for Finance and Governance
<b>LEAD OFFICERS:</b>	Strategic Director of Finance and Resources
<b>DATE:</b>	11 <sup>th</sup> July 2024

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

**SUBJECT: CORPORATE CAPITAL BUDGET AND BALANCE SHEET OUTTURN REPORT 2023/24 – Quarter 4 as at 31<sup>st</sup> March 2024**

## 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 2024, 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 2024.

## 2. RECOMMENDATIONS

The Executive Board is asked;

- to approve the revised capital programme as per Appendix 1,
- to approve the variations to the programme as outlined in the report and detailed in Appendix 2,

## 3. BACKGROUND

All portfolios are required to examine their capital budget position on a monthly basis and the outcome of that work is reported to the Executive Board on a quarterly basis. This report provides the draft final outturn position for the Council's Capital Programme for 2023/24.

## 4. KEY ISSUES & RISKS

- a) The total cost of the Council's capital investment programme for 2023/24 has decreased from £41.752 million, as approved by Executive Board on 8<sup>th</sup> February 2024, to £19.509 million at 31<sup>st</sup> March 2024. The net variation of £22.243 million (detailed in Appendix 2) reflects;
- budget increases of £0.109 million made to reflect the approval of schemes during the fourth quarter of the year,
  - further variations during the final quarter of the year, for which approval is requested (£0.198 million),
  - net underspends on completed schemes (£0.019 million),
  - slippage and re-profiling of budgets during the final quarter of the year (£22.531 million).
- b) Capital receipts of £8.331 million were received during 2023/24, which were used to reduce the Council's debt by way of an additional Minimum Revenue Provision. This compares with the forecast reported to the Executive Board in February of £5.592 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 2023/26, as approved at Finance Council on 27<sup>th</sup> 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 decreased by £22.243 million in the final quarter of the year. The main points to note are as follows:

#### 6.1.1 New Approved Capital Schemes

Capital schemes (new schemes and amendments to existing schemes) that were approved in the final quarter of 2023/24 and have now been added to the capital programme, are as follows:

Scheme	Amount 2023/24 £	Amount Future Years £	Approved By	Date Approved
<b>Children's, Young People and Education</b>				
Schools Capital Programme	-	£1,463,000	Executive Board	11-Jan-24
<b>Growth and Development</b>				
Youth Investment Fund (Wensley Fold)	£109,000	£20,600	Executive Member	06-Feb-24
<b>Total</b>	<b>£109,000</b>	<b>£1,483,600</b>		

#### 6.1.2 Adults and Prevention Services

##### Disabled Facilities Grant and Telecare

At the Executive Board in February 2024, approval was granted to reprofile £1.218 million on the Disabled Facilities Grant scheme into 2024/25. Activity on the scheme has been greater than anticipated in the final quarter, and approval is now sought to reprofile £291,000 back into 2023/24 to fund the actual expenditure for the year (with an equivalent adjustment to be made to the capital budget in 2024/25).

Approval is requested to carry forward funding of £37,000 on the Telecare Project into 2024/25.

##### Safer Streets Fund

Additional Home Office funding of £204,000 was awarded for the Safer Streets project during the final quarter of the year. Approval is requested to carry forward the £70,000 unspent element of this grant into 2024/25.

#### 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 £84,000 be slipped into 2024/25 for future spend on this scheme.

### Children's Services - ICT Schemes

Approval is requested to carry forward £45,000 in respect of the new Liquid Logic module to cover future spend on this scheme.

### 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. £250,000 was transferred out of the Fund during the final quarter of the year in respect of Devolved Formula Capital (DFC) funding which was devolved to schools. In addition, 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.

There is a remaining balance on the Fund of £3.915 million at the end of financial year 2023/24 to be carried forward and utilised in 2024/25 and beyond. At its meeting on the 11<sup>th</sup> January 2024, the Executive Board gave approval for £1.463 million of new schemes to be funded from this balance.

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>
Audley Infants Replacement of Fascias & Soffits	43
Brookhouse Primary Replace Boilers	13
Belmont Primary Boiler Replacement	14
Audley Junior Ventilation & Heating works	10
Shadsworth Juniors Send Works DDA Compliance	(19)
Newfield School Remodel	46
Roe Lee School Fencing	(5)
St Wilfrid's Refurbish to Create Additional Classroom	50
Other Schemes – slippage < £5k	(6)
<b>Total Slippage</b>	<b>146</b>

Where slippage exceeds the budget available – as is the case with Shadsworth Juniors, Roe Lee School and Other Schemes – this overspend will be deducted from the Capital Allocations fund above.

### 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. During 2023/24 the council spent £81,000 against a grant allocation for the year of £43,000. Permission has been granted to cover the shortfall of £38,000 using part of the 2024/25 grant allocation, and the budget for the current year has consequently been increased by this amount.

## 6.1.4 Environmental Services

### Blakewater Car Park

Approval is requested to carry forward a total of £69,000 in order for works to be completed in 2024/25.

## 6.1.5 Public Health and Wellbeing

### Refurbishment of Football Pitches Green Lane

Approval is requested to carry forward a total of £309,000 in order for works to be completed in 2024/25.

## 6.1.6 Growth and Development

### Growth Team Housing Schemes

Capital receipts of £13,000 have been recycled back into the Neighbourhood Intervention Fund, and approval is requested to increase the scheme by this value.

Approval is sought to slip the following Growth Team Housing Scheme allocations into 2024/25, as these are ongoing:

<b>Scheme</b>	<b>Slippage Requested £'000</b>
Bank Top and Griffin Clearance	12
Neighbourhood Intervention Fund	135
Equity Loans	64
Empty Homes Cluster	10
Development Investment Fund	50
Land Release Fund	39
<b>Total Slippage</b>	<b>310</b>

### Assistance to Industry

At the Executive Board in February 2024, approval was granted to reprofile £120,000 on the Assistance to Industry scheme into 2024/25. Activity on the scheme has been greater than anticipated in the final quarter, and approval is now requested to reprofile £14,000 back into 2023/24 to fund the actual expenditure for the year. Again, this amount will be deducted from the budget in 2024/25.

### Blakey Moor

Approval is requested to re-profile a further £494,000 into 2024/25 as the scheme was still ongoing at the end of March 2024.

### Integrated Transport Budget

Approval is requested to re-profile a further £487,000 of Department for Transport grant into 2024/25 to fund ongoing highways schemes.

### Drainage Schemes

During the final quarter of 2023/24, £30,000 and £18,000 of funding from The Environment Agency was allocated to the Fitzgerald Drive and Natural Flood Management Drainage Schemes respectively.

Approval is sought to slip the following Drainage Scheme allocations into 2024/25, as these schemes are all ongoing:

<b>Scheme</b>	<b>Slippage Requested £'000</b>
Brecon Road Drainage	34
Quick Win Fund (Hope Street)	4
<b>Total Slippage</b>	<b>38</b>

#### Affordable Warmth Grants

A request is made to slip the £1,000 that remains unutilised at 31<sup>st</sup> March 2024 for the consideration and approval of grant requests in 2024/25.

#### Darwen Town Deal

Approval is requested to slip the remaining budget of £9.877 million into 2024/25, as the scheme was ongoing at year-end. As Councillors will be aware, the Darwen Town Deal comprises a range of significant capital projects involving significant development prior to delivery. The development work is well advanced with some commencement of the delivery of project. However, the delivery of the bulk of the projects is expected to commence later in 2024/25.

#### St Johns Church Refurbishment

At the Executive Board in February 2024, approval was granted to reprofile £330,000 on the St Johns Church Refurbishment scheme into 2024/25. Activity on the scheme has been greater than anticipated in the final quarter, and approval is now requested to reprofile £29,000 back into 2023/24 to fund the actual expenditure for the year. Again, this will be result in a reduction in the budget for 2024/25.

#### Griffin Lodge / Coach House

Approval is requested to slip the remaining budget of £25,000 into 2024/25, as the scheme was ongoing at year-end.

#### Levelling Up (LUF) Projects - Junction 5 & Growth Corridor

Approval is requested to slip the remaining budget of £31,000 into 2024/25, as the scheme was ongoing at year-end.

#### UK Shared Prosperity Fund

The UK Shared Prosperity Fund (UKSPF) is part of the Government's Levelling Up agenda. 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 was awarded £1.581 million of capital funding over the three years from 2022/23 onwards. The expected expenditure during 2023/24 was £441,000 but the actual expenditure was £496,000. The shortfall of £55,000 will be covered using Council funds in the short-term, but we will be able to draw down additional grant funding to offset this in 2024/25.

#### Imperial Mill Acquisition, Essential Works & Site Enabling

Approval is requested to slip the remaining budget of £922,000 into 2024/25, as the scheme was ongoing at year-end.

#### Changing Futures Toilets

Approval is requested to slip the remaining budget of £100,000 into 2024/25, as the scheme was ongoing at year-end.

### Youth Investment Fund Darwen & Audley

Approval is requested to slip the remaining budget of £407,000 into 2024/25, as the scheme was ongoing at year-end.

### Youth Investment Fund Wensley Fold

A capital grant of £129,600 was secured during the final quarter of the year, of which £109,000 was due to be spent during 2023/24, and £20,600 during 2024/25. Approval is requested to reprofile the £13,000 unspent element of the 2023/24 allocation into 2024/25 (with the agreement of the grant provider).

### North East Blackburn Strategic Housing Site

At its meeting on February 2024, Finance Council approved the capital programme for 2024/27 which included £700,000 of expenditure in 2024/25 to develop the North East Blackburn strategic housing site. £18,000 of expenditure has been incurred in advance during the last quarter of 2023/24, and approval is requested to reprofile this amount back from the approved 2024/25 allocation into the current financial year.

## **6.1.7 Digital and Customer Services**

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

<b>Scheme</b>	<b>Slippage Requested £'000</b>
Finance System	5
Core Infrastructure Programme	1
Town Hall Infrastructure Upgrade	1
Digital Customer Portal	9
Round Management System	16
Replacement HR and Payroll System	30
Microsoft 365 and Unified Comms	42
Transition to the Cloud	209
Digital Customer Portal (Phase 2)	(23)
16Core Network Upgrade	6
Intranet/iTrent	16
Digital Flare Replacement	54
Security Operation and Recovery Capability	8
Replacement Door Access System	(4)
New Laptop Refresh	8
<b>Total Slippage and Variations</b>	<b>378</b>

Where slippage exceeds the budget available – as is the case with the Digital Customer Portal and Replacement Door Access System – this overspend will be deducted from the relevant budget in 2024/25.

## **6.1.8 Finance and Governance**

### Corporate Accommodation Strategy Phase 2

At the Executive Board in February 2024, approval was granted to reprofile £747,000 million on the Corporate Accommodation Strategy scheme into 2024/25. Activity on the scheme has been greater than anticipated in the final quarter, and approval is now requested to reprofile £109,000 back into 2023/24 to fund the actual expenditure for the year. Again, this additional cost will result in an equivalent reduction in the Corporate Accommodation Strategy budget in 2024/25.

## **6.1.9 Earmarked and Contingent Schemes**

### Corporate Property Investment Earmarked Scheme

Approval is sought to slip the remaining budget of £2.613 million on this Earmarked Scheme allocation from the 2023/24 programme to meet costs in future years.

### Vehicles Earmarked Scheme

Approval is requested to slip the remaining budget of £438,000 on this Earmarked Scheme allocation from the 2023/24 programme to meet the costs of the vehicle replacement programme in future years. Sale and leaseback agreements in respect of all vehicles purchased during 2023/24 were entered into early in financial year 2024/25. This option will be considered for vehicles purchased in any future years.

## **6.2 CAPITAL RECEIPTS**

Actual capital receipts at the end of March 2024 were £8.331 million, compared with the £5.592 million forecast reported to the Executive Board in February. All of these receipts will be utilised to reduce the Council's debt by way of an additional 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 Strategic Director of 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 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 2023/24 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	(1,300,000)	(4,219,000)	(238,000)	(4,457,000)
Debt interest payable	12,760,000	11,566,000	(215,000)	11,351,000
MRP	6,565,000	6,362,000	(1,000)	6,361,000
<b>Total</b>	<b>18,025,000</b>	<b>13,709,000</b>	<b>(454,000)</b>	<b>13,255,000</b>

The current borrowing and investment position is as follows:

	Amounts at 31/03/2023 £000	Amounts at 31/03/2024 £000
Short term borrowing	0	0
Long term borrowing	138,002	129,636
Transferred debt re Local Government Reorganisation	12,632	11,953
Recognition of debt re PFI arrangements	57,527	55,184
<b>TOTAL BORROWING</b>	<b>208,161</b>	<b>196,773</b>
Investments made by the Council	50,817	79,531

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 (for both Council Tax and Business Rates, this represents the Council's share of debt and provision for doubtful debt only) in the respective areas at 31st March 2024. The table also shows the corresponding level of debt at the same point in the last financial year.

	Position at 31/03/2023	Position at 31/03/2024
<b>Council Tax</b>		
Council share of Council Tax Arrears c/fwd (£000)	13,072	13,634
Provision for Doubtful Debts (£000)	(11,443)	(12,448)
Collection rates	95.8%	95.3%
<b>Business Rates</b>		
Council share of Business Rates Arrears c/fwd (£000)	1,408	1,589
Provision for Doubtful Debts (£000)	(1,273)	(1,567)
Collection rates	97.8%	98.5%
<b>Housing Benefit</b>		
Overpayments balances (£000)	2,151	2,457
Provision for Doubtful Debts (£000)	(1,923)	(2,457)
<b>Sundry Debtors</b>		
Sundry Debtor balances (£000)	11,221	11,228
Provision for Doubtful Debts (£000)	(4,690)	(6,198)

### 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)*

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**10. CONSULTATIONS**

None

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**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.

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**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>V2.0</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 2024
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<b>BACKGROUND PAPER:</b>	N/A
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