



EXECUTIVE BOARD DECISION

REPORT OF: Executive Member for Finance and Governance

LEAD OFFICERS: Strategic Director of Finance and Resources

DATE: 8th August 2024

PORTFOLIO/S AFFECTED: All

WARD/S AFFECTED: All

KEY DECISION: YES NO

SUBJECT: CORPORATE CAPITAL BUDGET AND BALANCE SHEET MONITORING REPORT 2024/25 – Quarter 1 as at 30th June 2024

1. EXECUTIVE SUMMARY

To report the overall financial position of the Council in respect of the capital programme as at 30th June 2024, highlighting key issues and explaining variations in the first 3 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 2024/25 has now increased from £75.198 million, as approved by Finance Council on 26th February 2024, to £112.911 million at 30th June 2024. The net variation of £37.713 million (detailed in Appendix 2) reflects;
- An increase of £22.533 million in respect of variations to the programme following the finalisation of the outturn position for 2023/24 (slippage),
 - budget increases of £27.858 million (of which £21.303 has already been approved) made to reflect the approval of additional schemes since the programme was originally approved in February,
 - Slippage of £12.678 million (£5.128 million grant funding and £7.550 million borrowing) into 2025/26 due to the reprofiling of the Darwen Town Deal scheme.
- b) As at 30th June 2024, the total capital expenditure across the portfolios was £5.978 million (representing 6.12% of the current, revised projected capital spend).

c) The estimated capital receipts figure expected in 2024/25 is £3.484 million; £0.074 million has been received in the first three 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 2024-27, as approved at Finance Council on 26th February 2024.

6. FINANCIAL IMPLICATIONS

6.1 CAPITAL PROGRAMME

The variations in actual spend and resource availability for 2024/25 are summarised by portfolio in Appendix 1. Variations in spending are set out in Appendix 2.

The capital programme for 2024/25 has increased by £37.713 million in the first 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) have been approved since the original capital programme was approved in February 2024, and have now been added to the current programme as follows:

Scheme	Amount £	Approved By	Date Approved
Growth and Development			
LUP Grant 2024/25 – various	20,000,000	Executive Board	11-Apr-24
King William St Accelerator Green Spaces Funding	450,000	Executive Board	13-Jun-24
Blackburn Town Centre Business Innovation District Phase 1	750,000	Executive Board	11-Apr-24
Digital and Customer Services			
Microsoft Licence Agreement Server and Database	102,700	Executive Board	07-Mar-24
Total	21,302,700		

6.1.2 Adults and Prevention Services

Disabled Facilities Grant (DFG)

There has been a further DFG grant allocation of £153,200 and an additional contribution to the scheme of £140,000 from Together Housing. Approval is requested to increase the 2024/25 budget by these amounts.

6.1.3 Children's, Young People & Education

Disabled Facilities Grant (DFG)

There has been a further DFG grant allocation of £39,800, and approval is requested to increase the 2024/25 budget by these amounts.

Schools Capital Schemes

Unallocated schools capital grant allocations are retained in an overarching Capital Allocations Fund within the capital programme until bids against this have been approved. Grant allocations for 2024/25 of £2.490 million for high needs provision, £0.219 million for Devolved Formula Capital (DFC) and £1.319 million for schools condition funding have been added to the schools Capital Allocations Fund in the first quarter of the year.

Of the £3.765 million brought forward from 2023/24 in the Capital Allocations Fund, £1.463 million of allocations to new and existing schemes were approved at the Executive Board on the 11th January 2024, and are shown in the table below. These amounts have been included in individual scheme budgets at Quarter 1.

Scheme	Amount £
Funding for new schemes:	
Newfield - New surface drainage	25,000
St Michael With St John CE Primary - New boiler	60,000
Avondale - Remodel of toilets Lower KS2	32,000
Avondale - Remodel of toilets Upper KS2	32,000
Avondale - Rebuild steps and wall	25,000
Shadsworth Juniors - Windows	82,000
Shadsworth Juniors - New boiler (of which £1k was spent during 2023/24)	180,000
Ashleigh - Heating and windows	18,000
St Thomas Centre / PRU - Roofing	80,000
St Thomas Centre / PRU - Traffic management	10,000
Longshaw Juniors - Convert oil fired boilers to gas	60,000
Audley Infants - Toilets	18,000
Audley Juniors - Fencing	20,000
Meadowhead Infants - Emergency lighting in nursery class	10,000
Meadowhead Infants - Entrance door, paving and footpaths	63,000
Griffin - Roofing	200,000
Griffin - Fencing	12,000
Intack - Heating controls	30,000
Daisyfield Primary - Main entrance	150,000
Daisyfield Primary - Fencing	24,000
Lammack - Remedial works from Fire Risk Assessment	50,000
Lammack - Car park lighting	15,000
St Thomas CE - Fencing	40,000
Turton Edgworth - Fencing	55,000
Turton Edgworth - Drainage	12,000
Additional funding for existing schemes:	
Audley Junior and Infants - Windows	140,000
Meadowhead Junior and Infants - External path works	20,000
Total	1,463,000

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

Family Hubs Transformation

The 2023/24 capital allocation for the Family Hubs and Start for Life programme is £63,300, of which £37,900 was spent in 2023/24. Approval is sought to create a budget for the remaining grant of £25,400.

6.1.4 Environmental Services

Brake Tester Replacement

Approval is requested to transfer £50,000 from the earmarked Asset Management Strategy budget, to fund a replacement secondary brake testing unit sited in the Motor Vehicle Service Station at Davyfield Road depot.

6.1.5 Growth and Development

Blackburn Town Centre Business Innovation District Phase 1

Approval was granted at the Executive Board on 11th April 2024 to transfer £605,000 from the Development Investment Fund, and £145,000 from the MGB SPV (Thwaites) scheme, to create a budget of £750,000 to fund the first phase of the Blackburn Town Centre Business Innovation District scheme, which will cover initial design, planning and procurement costs.

Integrated Transport Budget and Bus Service Improvement Fund

The current budgets for the above schemes are summarised in the table below:

Description of funding	Integrated Transport Budget £	Bus Service Improvement Fund £	Total £
2024/25 Department for Transport (DfT) allocations:			
• Integrated Transport Block	1,435,000		1,435,000
• Highways Maintenance Block	1,338,000		1,338,000
• Pothole Fund	1,070,000		1,070,000
Bus Service Improvement Fund slippage from 2023/24		1,786,000	1,786,000
S106 funding slippage from 2023/24	1,196,000		1,196,000
Department for Transport Grant Slippage from 2023/24	3,858,000		3,858,000
Total Q1 budget to be approved	8,897,000	1,786,000	10,683,000

S106 contributions are only recognised in the budget once they have actually been received. The individual budgets for highways schemes funded using S106 contributions will be increased during the year as additional contributions are collected, and these changes will be reflected in the quarterly capital monitoring.

Flood and Coastal Erosion Risk Management (FCERM) schemes

Approval is requested to create a budget for two new grant-funded drainage schemes, Chester Close (£176,000) and Darwen Central (£250,000). The external funding was confirmed by the Environment Agency on 3rd April 2024.

Levelling Up Partnership (LUP) - Projects

Approval was granted at the Executive Board on 11th April 2024 for the following schemes to be funded from the £20 million Levelling Up Partnership (LUP) grant, a new Government initiative first announced in March 2023.

Scheme	Amount £
Corporation Park - LUP	750,000
Imperial Mill- LUP	1,000,000
King Georges Hall - LUP	8,000,000
Tonys Empress Ballroom - LUP	1,500,000
The Cotton Exchange - LUP	1,500,000
3 - 7 Blakey Moor - LUP	675,000
59 King William St - LUP	1,125,000
Bridge House - LUP	1,700,000
Little Harwood & Bastwell MIGAs - LUP	250,000
AMRC Low Carbon Business Accelerator - LUP	2,000,000
Cyber Skills Programme Blackburn College - LUP	1,500,000
Total	20,000,000

Youth Investment Fund Wensley Fold

A capital grant of £129,600 was secured during the final quarter of 2023/24, of which £109,000 was due to be spent during 2023/24, and £20,600 during 2024/25. Approval is requested to create a budget in 2024/25 for the element relating to this financial year.

King William St Accelerator Green Spaces Funding

Approval was granted at the Executive Board on 13th June 2024 to create a £450k budget funded by DLUHC High Street Accelerator Green Spaces Funding.

6.1.6 Digital and Customer Services

Microsoft Licence Agreement for Councils Servers & Database estate

Approval was granted by the Executive Board on 7th March 2024 to create a budget of £308,000 via a transfer of £210,000 (over three years) from the Corporate ICT Investment budget, plus a revenue contribution of £33,000 in each of the three years.

6.2 CAPITAL RECEIPTS

Actual capital receipts at the end of June 2024 were £0.074 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. 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.

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 have decreased over the quarter, in anticipation of a reduction in the Bank of England rate which is currently 5.25%, held since August 2023.

Interest and Debt Repayments Revenue Budget

	Original Budget £	Forecast at Quarter 1 £
Interest and investment income	(2,990,000)	(3,500,000)
Debt interest payable	11,895,000	11,895,000
MRP	6,638,000	6,378,000
Total	15,543,000	14,773,000

The current borrowing and investment position is as follows:

	Amounts at 30/06/2023 £000	Amounts at 30/06/2024 £000
Short term borrowing	0	0
Long term borrowing	138,002	129,636
Transferred debt re Local Government Reorganisation	12,360	11,816
Recognition of debt re PFI arrangements	56,941	54,470
TOTAL BORROWING	207,303	195,922
Investments made by the Council	85,467	122,609

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 30th June 2024. The table also shows the corresponding level of debt at the same point in the last financial year.

	Position at 30/06/2023	Position at 30/06/2024
Council tax		
Current year balance (£000)	59,194	63,901
Previous year arrears (£000)	14,703	14,856
Total Council tax balances	73,897	78,758
Collection rates	27.1%	26.68%
Business rates		
Current year balance (£000)	31,655	34,725
Previous year arrears (£000)	3,482	2,910
Total Business rates balances	35,137	37,636
Collection rates	25.7%	24.69%
Housing Benefit		
Overpayments balances (£000)	2,670	2,407
Provision for Doubtful Debts (£000)	(2,670)	(2,407)

Sundry Debtors		
Sundry Debtor balances (£000)	10,373	13,509
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.

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
CONTACT OFFICER:	Jenny Bradley (267681) Simon Ross (585569)
DATE:	July 2024
BACKGROUND PAPER:	N/A