

Bolton Council

Report to:	Executive Cabinet Member – Regeneration		
Date of meeting:	18 th October 2021		
Report of:	Director of Place, Director of Corporate Resources	Report number:	ECMR/41331
Contact officer:	Janet Pollard , Head of Strategic Finance	Telephone number	01204 336710
Report title:	Directorate of Place – Finance Report 2021/22 – Quarter Two		
Not confidential			
This report does not contain information which warrants its consideration in the absence of the press or members of the public.			
Purpose:	This report provides the Executive Cabinet Member with information relating to the financial quarter two projected outturn position of the Directorate of Place.		
Recommendations:	<p>It is recommended that the Executive Cabinet Member:</p> <ul style="list-style-type: none"> ○ Note the quarter two financial position of the Directorate of Place. ○ Approve revised arrangements for 2021/22 fees and charges increases in relation to market leases and regulatory services. ○ Approve revisions made to the capital programme which fall under their portfolio. ○ Authorise the Director of Place to call off under any available framework(s) to enable the capital programme to progress. ○ Note the key findings in the report. 		
Decision:			
Background documents:			
Signed:	Leader/Executive Cabinet Member	Monitoring Officer	
Date:			

Consultation with other officers		
Finance	Yes	Janet Pollard
Legal	No	
HR	No	
Equality Impact Assessment required?	No	
(a) Pre-consultation reports Is there a need to consult on the proposals?		No
(b) Post consultation reports Please confirm that the consultation response has been		No

Bolton Council

taken into consideration in making the recommendations.		
Vision outcomes Please identify the appropriate Vision outcome(s) that this report relates to or contributes to by putting a cross in the relevant box.	1. Start Well	
	2. Live Well	
	3. Age Well	
	4. Prosperous	X
	5. Clean and Green	
	6. Strong and Distinctive	
4. Prosperous	Businesses and investment are attracted to the borough, matching our workforce's skills with modern opportunities and employment.	

Summary:

This report outlines the financial quarter two position in respect of the Directorate of Place.

Key Issues**Revenue Expenditure:**

Revenue expenditure as at quarter two for the Directorate of Place and shows a projected overspend against budget of £645k, after planned reserve movements.

There are three significant variances within the Directorate of Place as described in the report.

Capital Expenditure:

Capital expenditure for the Directorate of Place, as at quarter two, was £12.941m against a revised quarter two budget of £77.806m.

Reserves:

Directorate of Place projects at quarter two to have fully used all general reserves in year and hold a projected balance of £3,181m earmarked reserves.

Efficiency targets:

The budgeted efficiency savings for 2021/23 for the Directorate of Place are £6.161m.

Risk:

Specific areas of financial risk identified for the year relate to:

- loss of income due to the economic downturn,
- energy price increases for street lighting,
- increased building repair costs related to work identified through property condition survey's, and
- the financial impact of Covid19.

1 Introduction

This report provides the Executive Cabinet Member with the quarter one projected outturn position relating to the Directorate of Place.

The information is divided into five elements.

- Revenue expenditure
- Capital expenditure
- Reserve movements
- Efficiency targets
- Areas of financial risk

2 Revenue expenditure

2.1 Revenue budget

The approved revenue budget for the Directorate of Place is £30.267m

Table One: Directorate of Place Approved Revenue Budget - 2021/22 Quarter 2

	Total £'000
Original Approved Budget 2021 / 22	29,980
Less Recharges 2021 / 22	39
Original Manager's Controllable Budget 2021 / 22	29,941
<u>Virements in Year :</u>	
<u>Q1:</u>	
Special Needs Transport inflation transferred to People	-26
Corporate Inflation adjustment	120
21-22 approved growth transferred to Housing	-250
Business Support Officer transferred to Public Health	-29
Mere Hall Notional Rent	-28
Corporate Support for Leisure Contract	500
Additional Legal work for covered by recharge	-13
Adjusted Manager's Controllable Budget 2021 / 22	30,215
Add Adjusted Recharges 2021 / 22	52
Adjusted Budget as at Sep 2021	30,267

2.2 In year budget adjustments

There has been one budget adjustment made during quarter two:

- Budget transferred for additional legal enforcement work matched by increased recharge.

2.3 Financial Position

The final outturn position for the Directorate of Place is projected to be an overspend of £645,000 to be met from reserves.

Table Two below outlines the financial position of the Directorate of Place after movements to reserves, as at 30th September 2021.

Table Two – Directorate of Place Financial Position – 2021/22 Quarter Two

Portfolio	Net Budget	Projected Outturn	Year End Variance
	£'000	£'000	£'000
Deputy Leader	9,605	9,743	138
Environment Delivery	11,241	11,445	204
Highways & Transport	4,580	4,955	375
Regeneration	4,090	4,076	(14)
Strategic Housing & Planning	751	638	(113)
Total Directorate of Place	30,267	30,912	645

Variance analysis

Appendix A provides a detailed breakdown by service of the quarter two projected year end variance.

There are three significant variances highlighted at quarter two:

Domestic Waste - £238k

The Service is experiencing a significant demand for temporary staff to cover catch up for missed bins and sickness.

Parking - £362k

Parking Services are projecting a shortfall on income as a result of ongoing reduced demand in the Town Centre following relaxation of COVID restrictions, in addition to a shortfall caused by delayed implementation of bus lane camera operation.

Markets - £178k

Increased voids in market stall occupation.

2.4 COVID-19

The introduction of national restrictions to combat the spread of the COVID-19 global pandemic took effect from 24th March 2020. The financial impact of restrictions and service closures as a result of COVID have lessened as the National Roadmap to

Recovery proceeds. Never the less there is a continued impact to services from additional costs and reduced income.

Across the services areas under the Place Directorate, the quarter one projected outturn includes £2.595m of additional costs or income foregone as a result of COVID-19 which is currently intended to be matched by funding from the National Emergency COVID funding and other specific grants received by the Council from Government.

3 Saving and efficiency 2021/23 reductions

In setting the Strategic Budget for the year, the Directorate of Place was required to implement £6.161m of saving and efficiency reductions over the 2021/22 financial years. Action is being taken to implement the reductions and ongoing monitoring of expenditure against specific options has been incorporated into the financial monitoring.

A summary can be found in the table below:

Review Status	Review	Amount £
Still to come Forward	Review of Fleet Management	240
	Review of Regulatory Services	60
	Implementation of the Strategic Asset Management Plan (SAMP)	250
	Review of Highways & Engineering	1,001
	Phase 2 Joint working	1,471
	Still to come Forward	3,022
Seeking Approval in this report		
	Total Seeking approval in this report	
In Consultation		
	Review of Libraries & Museums	430
	Joint working - Phase 1	54
	Total in Consultation	484
Already approved		
	Outturn Report - July 2021	2,291
	Qtr 1 - Review of Property Leases	214
	Qtr 1 - Implementation of the Strategic Asset Management Plan (SAMP)	150
	Total already approved	2,655
	Directorate of Place savings Programme	6,161

As part of the 2021/22 Budget report a savings and efficiency option was approved to increase fees and charges by 6% above inflation in 2021/22.

It is now proposed that this is varied in two areas.

Market leases are agreed and run over set time periods which may be more than one year. Approval is sought to instigate increases at the point of issuing of new leases. Licensing fees for taxis and other regulatory services were not implemented in April because of the of the significant impact Covid had on businesses ability to operate and the Additional Restrictions Grant being operated to support businesses at that time. They have now from 1 October been increased by the 2% inflation in accordance with the 2021/22 Council budget approval in February.

4 Capital Programme

Total capital expenditure at quarter two for the Directorate of Place is £12.941m against a revised quarter two allocation of £77.806m.

4.1 In year movements

The capital programme of the Directorate of Place, had approvals totaling £105.579m. This comprised of:

- the original approval of £46.126m in the capital programme report to Council on 17th February 2021,
- £33.907m brought forward from the residual 2020/21 programme
- £3.111m transferred from other Directorate capital programme
- an additional £22.435m of funding programmed since the capital programme report of February 2021.

Of these approvals, £27.773m are currently forecast to be carried forward into 2022/23 for schemes profiled to complete in 2022/23 or beyond.

	£M
2020/21 Original Approval	46.126
Brought forward from 2020/21	33.907
Transfer from other services	3.111
Additions in year	22.435
Total available funding:	105.579
Quarter 2 Revised Allocation	77.806

The Directorate of Place's capital programme can be broken down across the portfolio areas as follows:

Table Four Directorate of Place Capital Programme

Portfolio	21/22			22/23	
	Original Allocation	Revised Allocation	Actual at Q2	Original Allocation	Revised Allocation
	2021/22 £	2021/22 £	2021/22 £	2022/23 £	2022/23 £
Leader	15,000,000	25,330,266	4,329,396	0	5,690,278
Regeneration	20,201,442	23,558,676	1,898,858	1,000,000	18,835,339
Stronger Communities	261,666	612,892	276,239	0	0
Deputy Leader	0	61,890	61,890	0	53,110
Strategic Housing & Planning	0	4,896,483	993,723	0	1,084,000
Environmental Services Delivery	707,254	1,258,335	114,433	0	227,349
Highways & Transport	9,955,267	22,087,790	5,266,014	1,510,577	3,820,577
Directorate of Place Grand Total	46,125,629	77,806,332	12,940,553	2,510,577	29,710,653

Full capital programme is shown in appendix B

As the Council moves towards a Corporate Landlord model for management of the Council's property assets, capital approvals that previous fell under the service portfolio area will move under the Regeneration portfolio where works relate to landlord responsibility as opposed to service requests.

4.2 Town Centre Masterplan

Cabinet approved at their meeting of 25 September 2017 a Town Strategy for use of resources of £100m approved at their previous meeting of 17th August 2017. Capital and revenue spend within the current financial year is included with the respective revenue and capital sections of this report. Below is a summary in financial terms of progress to date from inception.

Town Centre funding update as at Quarter 2

	£'000
Budget	100,000
Projected Gross Spend	108,696
Projected receipts from funding agreements for acquired properties.	45,128

	£'000
Expenditure previous years	61,672
Expenditure 2021/22 to date	4,782
Cumulative Total Spend to Date	66,454

4.3 PSP Bolton

Information on the current financial position of Bolton Council's share within PSP Bolton as at 30 June 2021 is as follows.

Income

Rent received on PSP managed properties	£109,782	
interest generated on cash balances	£64	
Income from Ground Rent Company	-£1,073	£108,773

Expenditure

Council's share of feasibility costs related to schemes not progressed	£488	
Share of Administrative costs	£3,649	£4,137
Surplus for year to 30 June 2021		£104,636

4.4 Capital Receipts

Built into the funding of the Councils Capital programme is an assumption that £2m of Capital receipts will be generated.

Over the past few years this target has not been achieved, therefore this requirement has been removed from the 21/23 budget onwards. However, previous years unachieved targets will still need to be met. The table below shows that the current requirement is £7.8m.

Capital Receipts	
	£'000
2020/21	4,248
District Centres	4,000
	8,248
Actual Receipts Received	411
Total for 21/22	7,837

5 Reserve Movements

The projected reserve movements analysed by portfolio are given in table 5.

Table Five –Directorate of Place Reserves Position - 2021/22 Outturn

Reserves Summary by Portfolio	Opening Balance at 01/04/21 £	Movements in Year £	Closing Balance 31/03/22 £
The Deputy Leader	-3,486,768	345,910	-3,140,858
Regeneration	55,497	-360,390	-304,893
Environment Delivery	-604,675	1,000,674	395,999
Highways and Transport	-2,162,168	2,137,984	-24,184
Strategic Housing and Planning	-106,911	0	-106,911
Total	-6,305,025	3,124,178	-3,180,847

After the projected use of reserves of £3,124,178 during 2021/22, the closing balance at 31 March 2022 is projected to be £3,180,847.

Detailed reserve tables for Directorate of Place can be found in Appendix D.

6 Risk areas

During the year a number of potential risks were identified for the Directorate.

6.1 Levels of Income Built into the budget

Income level assumptions made when compiling the budget have been based on trend analysis, actual income received and service specific knowledge. There is an ongoing risk due to the present economic climate that budgeted income levels may not be achieved.

6.2 Loss of Trading Services Contracts

Within the services provided by the Directorate of Place there are a number of trading accounts. Some of the service areas, such as Building Cleaning are seeing an increase in the number of contracts not being renewed. The levels of losses are currently manageable within the Directorates overall resources however, this is being closely monitored.

6.3 Asset Management

The Directorate of Place is responsible for a large asset portfolio. The Directorate is continually reviewing it's health and safety responsibilities. The costs of this are currently being met by Directorate resources.

6.4 Energy costs

Due to the nature of the services delivered by the Directorate of Place, slight changes in energy prices, can have a material effect. Close monitoring on this area is taking place.

6.5 COVID

At present COVID is having a significant impact on service delivery. The Council has received funding from the Government to cover the impact. The Directorate is monitoring closely service areas that maybe at risk once the Country moves to the next stage of national exit plan.

6.6 Property Condition Surveys

A comprehensive programme of property condition surveys has been undertaken. The survey's have identified work that needs to be carried out. . A work programme is being developed, that is to be funded by future Capital Receipts. This report reflects the latest know position.

7. EQUALITY IMPACT ASSESSMENT (EIA)

7.1. Under the Equality Act 2010, the council has a general duty to have due regard to the need to:

1. **eliminate unlawful discrimination**, harassment, victimisation and any other conduct prohibited by the Act;
2. **advance equality of opportunity** between people who share a protected characteristic and people who do not share it; and
3. **foster good relations** between people who share a protected characteristic and people who do not share it.

7.2. At this stage it is not anticipated that the proposals will have a disproportionate impact on any of Bolton's diversity groups.

8. CONSULTATION

8.1. Consultation not required.

9. VISION 2030

9.1. The Bolton 2030 Vision is summarised as follows:

“Bolton will be a vibrant place, built on strong cohesive communities, successful businesses and healthy residents”.

9.2. Good financial management of council services provides the sound basis on which Vision 2030 priorities can be progressed.

10 Conclusions and recommendations

This report has provided information relating to the financial position at quarter 2 for the Directorate of Place, for the 2021/22 financial year.

It is recommended that the Executive Cabinet Member:

- Note the quarter two financial position of the Directorate of Place.
- Approve revised arrangements for 2021/22 fees and charges increases in relation to market leases and regulatory services.
- Approve revisions made to the capital programme which fall under their portfolio.
- Authorise the Director of Place to call off under any available framework(s) to enable the capital programme to progress.
- Note the key findings in the report.

2021/22 Revenue Projection at Quarter Two

Portfolio	Net Budget	Projected Outturn	Year End Variance
	£'000	£'000	£'000
<u>Deputy Leader</u>			
Regulatory Services	1,352	1,344	(8)
Neighbourhood Services Educ and Enf, Dog Warden	199	217	18
Markets	(52)	126	178
Albert Halls	83	91	8
Libraries, Museum and Archives	4,758	4,758	0
Leisure	1,949	1,948	(1)
Cross Directorate	1,316	1,259	(57)
	9,605	9,743	138
<u>Environmental Services Delivery</u>			
Neighbourhood Services Delivery	4,741	4,750	9
Domestic Waste	7,830	8,068	238
Trade Waste	(243)	(242)	1
Bereavement Services	(1,179)	(1,079)	100
Building Cleaning	281	225	(56)
School Meals	24	60	36
Supported Employment	55	69	14
Heaton Fold	(93)	(147)	(54)
Security Services (inc Couriers,CCTV & Civic Cleaning)	(244)	(320)	(76)
Community Centres	69	61	(8)
	11,241	11,445	204
<u>Highways & Transport</u>			
Highways & Engineering	5,707	5,706	(1)
Parking Services	(655)	(293)	362
Transport	(472)	(458)	14
	4,580	4,955	375
<u>Regeneration</u>			
Strategic Development	618	524	(94)
Skills & Employment	372	372	0
Corporate Property Services	3,100	3,180	80
	4,090	4,076	(14)
<u>Strategic Housing & Planning</u>			
Planning Division	299	345	56
Planning Strategy	311	236	(75)
Housing Strategy	141	57	(84)
	751	638	(113)
Total Directorate of Place	30,267.0	30,912	645

2020/21 Capital Programme

	21/22			22/23	
	Original Allocation 2021/22	Revised Allocation 2021/22	Actual at Q2 2021/22	Original Allocation 2022/23	Revised Allocation 2022/23
Leader Portfolio	£	£	£	£	£
Bolton Town Centre Strategy	15,000,000	25,330,266	4,329,396	0	5,690,278
Regeneration Portfolio					
Development & Regeneration					
Town Centre Improvement Fund	75,711	70,046	0	0	0
Public Art S106	4,198	0	0	0	0
Public Realm Impl Frmwk	98,951	0	0	0	98,951
Smithills Hall Internal Refurbishment	20,282	20,282	0	0	0
Hall ith Wood Museum	86,055	102,555	7,469	0	0
Great Lever Library (UCAN)	404,915	408,915	0	0	0
Investments in District Town Centres - Cabinet Feb-19	13,189,049	4,554,823	21,164	0	8,633,722
Towns Fund	1,000,000	987,167	39,534	0	0
Enabling works	429,467	529,869	850	0	0
Rivington Chase HIF	0	665,000	145,330	0	0
FHSF Farnworth	0	4,174,151	0	0	9,102,666
Farnworth Library Improvements	0	62,065	5,642	0	0
Property					
Asset Management Plan - urgent works	0	486,496	27,502	0	0
Westhoughton Town Hall	1,680,000	1,910,114	0	0	0
Blackrod Library	108,343	109,643	0	0	0
61-63 Market St Little Lever	2,104,471	3,175,737	1,315,823	0	0
Corporate Property Capital Programme	1,000,000	3,094,652	335,544	1,000,000	1,000,000
Mere Hall - Service Move Works	0	14,710	0	0	0
Decarbonisation Works	0	3,192,451	0	0	0
Total Regeneration Portfolio	20,201,442	23,558,676	1,898,858	1,000,000	18,835,339

	21/22			22/23	
	Original Allocation 2021/22	Revised Allocation 2021/22	Actual at Q2 2021/22	Original Allocation 2022/23	Revised Allocation 2022/23
<u>Stronger Communities</u>	£	£	£	£	£
Full Fibre Network GMCA report 07/01/2020 (REFCUS)	261,666	612,892	276,239	0	0
<u>Deputy Leader</u>					
Library Self-Service kiosk replacements	0	61,890	61,890	0	53,110
<u>Strategic Housing & Planning</u>					
Disabled Facilities Grants	0	4,295,741	880,460	0	300,000
Private Sector Renewal	0	600,742	113,263	0	784,000
Total Strategic Housing & Planning	0	4,896,483	993,723	0	1,084,000
<u>Environmental Services Delivery Portfolio</u>					
<u>Non-Highways</u>					
Equipped Play Area Strategy (S106)	12,525	37,525	0	0	0
Old Station Park	46,210	99,649	0	0	0
3G Sports Pitches - Cabinet Feb 16	31,519	0	0	0	0
Public Realm (Area Forum)	330,460	240,084	48,815	0	227,349
Cleaner Greener	75,170	658,877	51,868	0	0
Mortfield Lodge Embankment works	211,370	222,200	13,750	0	0
Total Environmental Services Delivery Portfolio	707,254	1,258,335	114,433	0	227,349
<u>Highways & Transport Portfolio</u>					
DfT Highways LTP	250,000	6,395,813	1,447,042	0	0
Pothole Action Fund	0	0	0	0	0
Challenge Fund - Highways maintenance	370,000	724,872	335,926	0	0
Section 31 Grant - Daisy Hill Station Bridge	2,100,000	33,556	16,687	0	2,310,000
Improved Street Lighting - Cabinet Feb 16 & Feb-18	0	225,655	17,718	0	0
Depot Improvement Plan - Mayor St	34,767	30,374	0	0	0
Footpaths Strategic Investment	0	5,823	0	0	0
Road Warning Signals - Cabinet Feb 16	0	12,658	0	0	0
Highways Improvement Funding (Area Forum)	250,000	714,957	188	0	0
Highways investment Sep-19	0	5,430,883	2,071,539	0	0

	21/22		
	Original Allocation 2021/22	Revised Allocation 2021/22	Actual at Q2 2021/22
	£	£	£
External Highways			
A666 Challenge Fund St Peters Way Improvement	400,000	780,601	326,852
LGF Tonge Moor Corridor Junction Improvement	150,000	0	0
LGF Crompton Way / Blackburn Road	0	650,648	13,400
LGF Town Centre 20mph scheme	0	178,512	3,712
Bolton Salford Quality Bus Network	1,000,000	585,734	723,115
LSTF Bolton - Bury cycle route	0	48,546	0
City Cycle Ambition	0	89,903	3,000
MCF - Doffcocker to TC Bee Route	1,442,000	1,521,677	1,500
MCF - Bolton Town Centre East Phase 1 (T5)	158,000	265,543	29,047
MCF - Westhoughton (T6)	220,000	278,104	35,745
MCF - Astley Bridge (T6)	320,000	433,169	80,366
Safe Streets Cycling & Walking	0	352,153	127,065
MCF -A58 Moss Bank Way	0	18,240	16,400
MCF-Bolton to Farnworth	0	20,000	13,850
MCF -Farn to Borough Boundary	0	20,000	0
Bolton Culvert Repairs	0	2,869	0
Bolton Local Levy (Smiths Road)	0	7,000	2,240
Transport	0	0	0
Replacement of Fleet Vehicles	3,260,500	3,260,500	622
Total Highways & Transport Portfolio	9,955,267	22,087,790	5,266,014
Directorate of Place Grand Total	46,125,629	77,806,332	12,940,553

22/23	
Original Allocation 2022/23	Revised Allocation 2022/23
£	£
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
1,510,577	1,510,577
1,510,577	3,820,577
2,510,577	29,710,653

Directorate of Place Reserves 2021/22

Portfolio	Opening Balance 21/22	Movements in Year	Closing Balance 21/22
	£	£	£
<u>Deputy Leader</u>			
Proceeds of Crime	-8,511	8,511	0
Tobacco Products Project	-4,915	4,915	0
Tobacco Control	-3,921	3,921	0
Letting Agencies Redress Scheme	-761	761	0
Hall I'th' Wood	-102,555	102,555	0
Curious Minds Hope St Project	-31,708	31,708	0
Libraries of Sanctuary	-3,401	3,401	0
Adventures in Nature Dippy Fringe	-371	371	0
Arts Mark	-5,767	5,767	0
Bolton Arena	-3,096,660	0	-3,096,660
Bolton One Sinking Fund	-40,000	0	-40,000
Leisure Facilities	-137,000	137,000	0
DR General reserve	-47,000	47,000	0
Spirit of Sport	-4,198	0	-4,198
Total Deputy Leader Portfolio	-3,486,768	345,910	-3,140,858
<u>Regeneration</u>			
GMSAF -Economic Strategy	-6,079	0	-6,079
Ed & Skills Funding - Adult Ed	-152,510	0	-152,510
Local Development Framework	-108,406	0	-108,406
The Work Programme	-37,898	0	-37,898
Property Reserve	360,390	-360,390	0
Total Regeneration Portfolio	55,497	-360,390	-304,893
<u>Environment - Delivery</u>			
ES General Reserve	54,410	588,690	643,100
Bowling Greens PH contribution	-20,000	20,000	0
Trading Income Loss	-188,105	188,105	0
Graves In Perpetuity	-164,340	0	-164,340
Model Railway	-12,589	0	-12,589
Rechargeable Works S278	-50,635	0	-50,635
Asset Management Liabilities	-203,879	203,879	0
Forestry Commission	-19,537	0	-19,537
Total Environment Delivery Portfolio	-604,675	1,000,674	395,999
<u>Highways & Transport</u>			
Fleet Purchase	-2,162,168	2,137,984	-24,184
Total Highways & Transport Portfolio	-2,162,168	2,137,984	-24,184
<u>Strategic Housing & Planning</u>			
Feasibility Study - District Heating	-44,476	0	-44,476
Home Solutions	-25,976	0	-25,976
Housing Needs and Stock Condition	-36,459	0	-36,459
Total Strategic Housing & Planning Portfolio	-106,911	0	-106,911
Total Directorate of Place	-6,305,025	3,124,178	-3,180,847