

EXTRAORDINARY COUNCIL	AGENDA ITEM No. 3
16 DECEMBER 2021	PUBLIC REPORT

Report of:	Pete Carpenter, Corporate Director Resources	
Cabinet Member(s) responsible:	Cllr Andy Coles Cabinet Member for Finance Cllr Peter Hiller Cabinet Member for Strategic Planning and Commercial Strategy and Investments	
Contact Officer(s):	Pete Carpenter Corporate Director Resources	Tel. 01733 - 452520

CAPITAL PROGRAMME MORATORIUM

RECOMMENDATIONS	
FROM: Corporate Director Resources	Deadline date: N/A
<p>It is recommended that Council:</p> <ol style="list-style-type: none"> 1. Approve a temporary Capital Programme Moratorium and revised Capital Programme for 2021/22 as set out in this paper. 	

1. PURPOSE AND REASON FOR REPORT

- 1.1 The purpose of this report is to gain Council's approval to enact a temporary Capital Programme moratorium in order to help reset the Council's finances, pending the presentation of a revised capital programme to Council in March 2022.
- 1.2 Changes to the Capital Programme, unless for S114 purposes, require approval by the full Council for implementation.

2. BACKGROUND AND KEY ISSUES

- 2.1 The Council is facing a huge financial challenge. The Improvement Plan sets-out how we propose to respond to that challenge and will be considered by Council on 16 December.

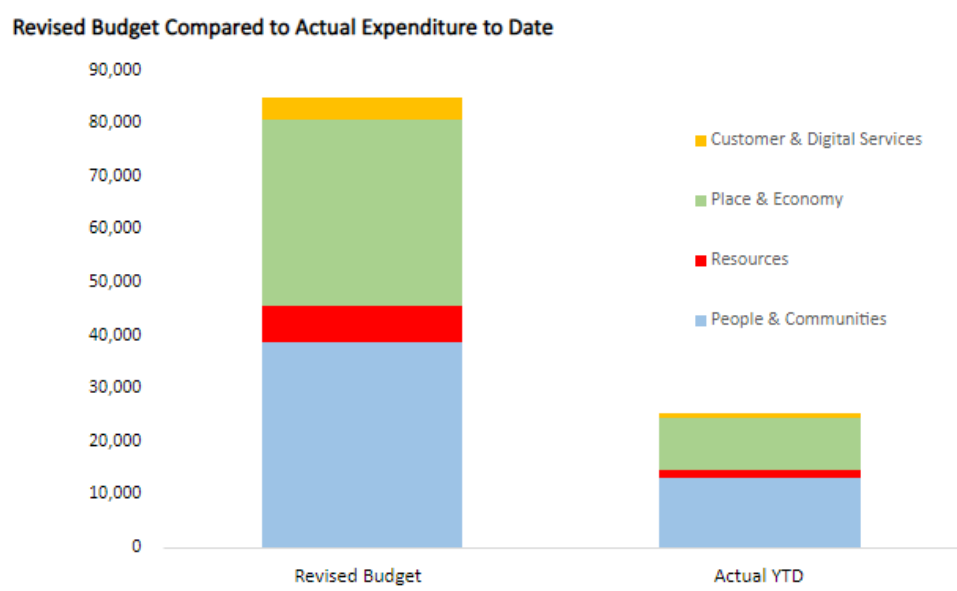
A number of immediate actions are needed to reduce in-year spending on both revenue and capital budgets. This report details where we propose to reduce or postpone expenditure on capital projects in the current year.

In asking Members to approve these changes to in-year capital spend, it is important that it does not result in a salami-slice approach to the programme. Therefore, although we are asking for these projects to be temporarily postponed, a full review of the three-year capital programme is being undertaken ahead of the 2022/23 budget approval process. In carrying-out that review, including scrutinising commitments and spend to date on projects and considering where match funding is in place, it is possible that some of the projects listed in this report will be included in the revised capital programme, while others may have to be cancelled. As part of the Council resetting its finances, it will undoubtedly need to have a much smaller capital programme over

the next three years than has previously been envisaged. It is vital therefore that what resources we can afford are allocated to those projects that provide most benefit for the people of the City.

2.2 The October 2021/22 Capital Monitoring position was presented to Cabinet on the 29th November. That showed an in-year forecast expenditure as £95.8m, which includes £10.9m for Invest to Save (I2S) Schemes (Column headed 'Revised Budget' in the table below). The original investment as per the Medium Term Financial Plan (MTFS) approved in March 2021 was £146.8m. The movement between the MTFS position and the £164.9m as at 1st April 2021 was a result of slippages mainly due to delays completing projects from 2020/21, so significant re-phasing of projects is already forecast.

Directorate	MTFS Budget £000	1st April Budget £000	Revised Budget £000	Actual YTD £000	Total Spend Against Budget %
People & Communities	46,129	50,981	38,752	13,153	33.9%
Resources	38,112	37,306	7,010	1,513	21.6%
Place & Economy	46,644	59,089	35,077	9,813	28.0%
Customer & Digital Services	2,500	4,028	4,012	1,029	25.6%
TOTAL	133,384	151,403	84,852	25,507	30.1%
Grants & Third Party Contributions	67,763	71,669	50,189	17,767	35.4%
Capital Receipts repayment of loans				0	0.0%
Borrowing	65,621	79,734	34,664	7,740	22.3%
TOTAL	133,384	151,403	84,852	25,507	30.1%
Invest to Save	13,500	13,540	10,909	4,497	5.3%



2.3 The proposals in this report will bring in additional reductions of the in-year position compared to the table above. These are summarised in the following table, along with the resulting reductions in funding. Appendix A sets out the detailed schemes.

Reduction In Spend	2021/22 Budget £000	Borrowing £000	Grants & Third party contributions £000
People & Communities	1,054	1,054	0
Resources	2,859	2,859	0
Place & Economy	2,137	1,900	237
Customer & Digital Services	1,310	1,310	0
Invest to Save	2,075	2,075	0
Total	9,435	9,198	237

3. CONSULTATION

- 3.1 This revised programme has been circulated to Directors and Capital Programme leads. They have fed back comments to come to this reduced programme. Discussions will be taking place with our affected partners.

4. IMPLICATIONS

Financial Implications

- 4.1 Overall, Council funded expenditure has been reduced and this will result in a small reduction of capital financing charges in the current year (interest), estimated at approximately £45k. This is on top of the previously forecast underspend on this budget of £2.7m. Although this seems a modest additional saving, it should be remembered that this reduced expenditure would have occurred in the final quarter of the current year and therefore there is a minimal impact in the current year.

Legal Implications

- 4.2 Changes to the Capital Programme, unless for S114 purposes, require approval by the full Council for implementation.

Equalities Implications

- 4.3 Equality impact assessments for the amendments made within this report will be considered as part of the implementation of this decision. Where it is concluded that there is an impact then the appropriate governance in relation to those schemes will be taken.

Carbon Impact Assessment

- 4.5 Carbon impact assessments were completed as part of the original Medium Term Financial Strategy. Our early assessment of the recommendations in this report are that there is no adverse position to report.

5. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 5.1 [2022/23 MTF5 Phase 1 Report – October 2021](#)
[Budgetary Control Report - October 2021 – Cabinet 29 November 2021](#)

6. APPENDICES

- 6.1 Appendix A – Detailed Reductions to Schemes
Appendix B – Revised Capital Programme

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