

# Title of report: Capital Programme Review and Update

<b>Meeting:</b>	<b>Cabinet</b>
<b>Meeting date:</b>	<b>Thursday 23 November 2023</b>
<b>Cabinet Member:</b>	<b>Peter Stoddart, Finance and Corporate Services</b>
<b>Report by:</b>	<b>Director of Resources and Assurance</b>
<b>Report author:</b>	<b>Strategic Capital Finance Manager</b>

## **Classification**

Open

## **Decision type**

Budget and policy framework

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

## **Wards affected**

(All Wards);

## **Purpose**

To recommend to Council for approval the revised cabinet proposals for the proposed capital investment budget for 2023/24 onwards.

## **Recommendation(s)**

**That: the following be recommended to Council**

- a) To approve the revised capital programme for 2023/24 attached at appendix C.**

## **Alternative options**

1. It is open to Cabinet to recommend alternative capital investment options to Council. As an amendment to proposals put forward by Cabinet, any amendment would either require the consent of the Leader of the Council or further consideration by Cabinet, before a decision could be taken in accordance with budget and policy framework rules.

## **Key considerations**

2. The capital programme reflects capital investment generating benefit to the county for a period in excess of one year.
3. The programme was approved by Council in February 2023 having followed budget and policy framework rules. Cabinet proposed a revised capital programme at their meeting on 5 October 2023, this report is to revise those proposals for in year changes to the approved programme.
4. The current approved capital programme and forecast outturn is provided at appendix B. The profiling of the capital spend was carried out in quarter 2 in line with external audit recommendations and reported separately to cabinet in a separate item on the agenda today.
5. A number of informal reviews were carried out to ensure all funding requests were manageable within the current borrowing limits in the medium term financial strategy and the available balance of the capital receipts reserve. These proposals allocate the balance available in the capital receipts reserve and reallocates all the corporate funded borrowing released from the removal of some projects.
6. The changes from the October meeting are: a new line has been added for a Community Capital Grants Scheme of £2.0m to support the valuable work our community organisations support the council with. This is funded by reducing the £12.3m previously proposed for the Southern Link Road by a corresponding £2.0m to £10.3m. Appendix A has been updated for the revised changes and appendix C includes these amendments into the revised capital programme to be recommended to Council.
7. Approval of inclusion in the capital programme is not approval to proceed. Each project will be subject to its own governance, a full business case will be presented for approval where required and comply with the council's contract procedure rules as applicable.

## **Community impact**

8. In accordance with the adopted code of corporate governance, Herefordshire Council achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Determining the right mix of these is an important strategic choice to make to ensure intended outcomes are achieved. The council needs robust decision making mechanisms to ensure our outcomes can be achieved in a way that provides the best use of resources while still enabling efficient and effective operations.
9. The capital investment proposals support the overall delivery plan and service delivery strategies in place. The overall aim of capital expenditure is to benefit the community through improved facilities and by promoting economic growth. A specific community impact assessment, including any health and safety implications or corporate parenting responsibilities, will be included in the decision report required for any new capital scheme commencing and incurring spend.

## **Environmental Impact**

10. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
11. Whilst this overarching budget setting document will not detail specific environmental impacts, consideration is always made to minimising waste and resources use in line with the council's

Environmental Policy. A specific environmental impact assessment for the service specific budget proposals will be considered as appropriate to seek to minimise any adverse environmental impact and actively seek opportunities to improve and enhance environmental performance. An initial environmental assessment has been included in the outline business cases that were reviewed at Scrutiny and these will be developed and scoped for each project when they seek approval to spend and a separate governance decision.

## **Equality duty**

12. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
13. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. An equality impact assessment (EIA) will be carried out prior to any new scheme commencing and will form part of the approval process, required ahead of incurring capital spend.

## **Resource implications**

16. The proposed revisions at appendix A, include the new £2.0m community capital grants scheme and reduced southern link road budget of £2.0m to ensure the revised capital programme is fully funded within current reserves and borrowing limits available.

## **Legal implications**

17. In year changes to the capital programme must be approved by Council unless certain circumstances in the constitution apply, which do not apply in these cases.
18. Section 106 of the Local Government Finance Act 1992 precludes a councillor from voting on the Council's budget if he or she has an outstanding council tax debt of over two months. If a councillor who is precluded from voting is present at any meeting at which relevant matters are discussed, he or she must disclose that section 106 applies and may not vote. Failure to comply is a criminal offence.

## **Risk management**

19. For all capital projects monthly budget control meetings give assurance on the robustness of budget control and monitoring, to highlight key risks and to identify any mitigation to reduce the

impact of pressures on the council's overall position for example through phasing of spend, identifying and securing scheme changes or alternative funding sources.

20. Capital projects inherently give rise to risks in their delivery, both in time and budget. Individual scheme reporting and associated project boards exist to mitigate these risks. Furthermore slower delivery than forecast can mean the strategic ambitions are not being met as planned. All projects are expected to be managed through the programme management office once resources are in place, so further mitigating the risk of overspend or delays.
21. The proposed additions have been reviewed in relation to risks, both in deliverability, costs, impact and associated scheme interdependencies. The individual scheme detail of the risks will be provided as individual schemes progress to approval to deliver.

## **Consultees**

22. Since the last cabinet meeting there have been many discussions regarding the capital programme and as a result of this cabinet have included these revisions.
23. Political Group consultation is not required for budget and policy framework but they can make recommendations on the proposals being recommended to council, to cabinet during the meeting for them to consider.

## **Appendices**

Appendix A - Proposed capital investment revisions from 2023/24

Appendix B - Current status of approved capital programme

Appendix C - Total proposed capital programme

## **Background papers**

None

## **Glossary of Terms**

Capital Grant Funding – External income from another organisation

Redirected Funding – Use of revenue reserves to fund capital

Capital Receipt Funding – Use of the capital receipts reserve generated from sale of land, buildings and other assets of the council

Funded by Return on Investment – this is where there is a return on investment to repay the borrowing costs, such as increased income or savings on the current budget by reducing on going costs

Corporate funding by Prudential Borrowing – this is where prudential borrowing is repaid from the corporate revenue budget

## Report Reviewers Used for appraising this report:

**Please note this section must be completed before the report can be published**

Governance	John Coleman	Date 14/11/2023
Finance	Rachael Hart	Date 14/11/2023
Legal	Emma-Jane Brewerton	Date 14/11/2023
Communications	Luenne Featherstone	Date 14/11/2023
Equality Duty	Click or tap here to enter text.	Date Click or tap to enter a date.
Procurement	Lee Robertson	Date 14/11/2023
Risk	Click or tap here to enter text.	Date Click or tap to enter a date.

**Approved by Andrew Lovegrove Date 14/11/2023**