

# COUNTY COUNCIL

Meeting date: 23 June 2022

From: Deputy Leader of the Council

## AMENDMENTS TO THE APPROVED CAPITAL PROGRAMME

### **1.0 EXECUTIVE SUMMARY**

- 1.1 *The Capital Programme sets out the Council's investment plans over the current and following five years to achieve the Council's priorities and vision. It is recognised that the County Council will no longer exist from 1<sup>st</sup> April 2023 but it is important that the longer term financial planning continues in order to support the future planning by the new Unitary Councils.*
- 1.2 *The Council approved the 2022-2027 Capital Programme in February this year and as in previous years subsequent changes are then made throughout the year.*
- 1.3 *As part of the provisional year end outturn report to Cabinet on the 9<sup>th</sup> June changes to the 2021/22 and the 2022-27 capital programme were proposed. Cabinet approved a number of changes and recommended further changes for Council to approve.*
- 1.4 *The purpose of this report is to ask Council to approve the changes, as recommended by Cabinet, to the Capital Programme for 2021/22 and 2022-2027.*
- 1.5 *If approved, this results in a revised capital programme of £122.153m for 2021/22 and £489.165m for 2022-2027.*

### **2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS**

- 2.1 *The Capital Programme as a whole supports the delivery of all of the Council Plan priorities which are:*
  - *People in Cumbria are Healthy and Safe*
  - *Places in Cumbria are well connected and thriving*
  - *The economy in Cumbria is growing and benefitting everyone*

### **3.0 RECOMMENDATION**

*Council is asked to:*

- 3.1 ***Approve the addition of £2.201m to the Capital Programme 2021/22 for existing schemes, as detailed in paragraph 5.1 financed from previously approved un-allocated prudential borrowing.***
- 3.2 ***Approve the addition of £4.676m to the Capital Programme 2022-2027 for new schemes, as detailed in paragraph 5.2 financed from previously approved un-allocated prudential borrowing.***
- 3.3 ***Approve the virement of £1.368m between the Additional Inflation Risk allowance and A595 Grizebeck scheme in 2022/23, as detailed in paragraph 5.3.***
- 3.4 ***Note the final position for the Capital Programme 2021/22 of £122.153m, as detailed in Table 1 paragraph 4.2.***
- 3.5 ***Note the proposed revised Capital Programme 2022/27 of £489.165m, as detailed in Table 2 paragraph 4.3.***

### **4.0 BACKGROUND**

- 4.1 The Capital Programme sets out the Council's investment plans over the current and following five years to achieve the Council's priorities and vision. The Council approves a Capital Programme in February each year and subsequent changes are then made throughout the year. The latest revised position (assuming the recommendations are approved) was reported to Cabinet on 9<sup>th</sup> June 2022. The inclusion of these changes resulted in a revised approved Capital Programme for 2021/22 of £122.153m and for 2022-27 of £456.157m before the addition of slippage from 2021/22, as set out in Table 1 below.
- 4.2 The changes recommended to Council by Cabinet at its meetings on 9<sup>th</sup> June 2022 shows a net increase of £2.201m in the County Council Capital Budget for the period 2021/22 and £4.676m for the period 2022-27. This reflects a number of changes to the capital programme as outlined in the table below, further detail is provided at paragraph 5.1 to 5.3.

**Table 1 – Revised Capital Programme**

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2022- 2027
	£m	£m	£m	£m	£m	£m	£m
<b>Approved Capital Programme February 2022 Council</b>		193.463	113.254	60.608	39.350	33.301	439.976
Grant / Contribution Changes for existing schemes – external Q3 2021/22		0.325	0.000	0.000	0.000	0.000	0.325
<b>Approved Capital Programme by Cabinet at 17th March 2022 (Q3)</b>	119.529	193.788	113.254	60.608	39.350	33.301	440.301
<b>Budget Changes Approved by Cabinet on 9<sup>th</sup> June 2022:</b>							
Grant / Contribution Changes for existing schemes – external	0.119	7.350	3.563	0.000	0.000	0.000	10.913
Grant / Contribution Changes for new schemes – external	0.000	0.200	0.000	0.000	0.000	0.000	0.200
Internal Contribution Changes for existing schemes	0.304	0.067	0.000	0.000	0.000	0.000	0.067
<b>Approved Capital Programme 9<sup>th</sup> June 2022)</b>	119.952	201.405	116.817	60.608	39.350	33.301	451.481
<b>Budget Changes Recommended to Council by Cabinet on 9<sup>th</sup> June 2022:</b>							
Unallocated Prudential Borrowing for new schemes (Para 5.1)	2.201	0.000	0.000	0.000	0.000	0.000	0.000
Grant / Contribution Changes for new schemes – external (Para 5.2)	0.000	3.892	0.784	0.000	0.000	0.000	4.676
<b>Total Capital Programme</b>	122.153	205.297	117.601	60.608	39.350	33.301	456.157

4.3 In addition to the changes approved by Cabinet on 9<sup>th</sup> June 2022, Council agreed in the Budget Report approved by Council on 10<sup>th</sup> February 2022, that slippage in the 2021/22 Capital Programme can be carried forward to 2022/23 and accelerated expenditure in the 2021/22 Capital Programme can be re-profiled from 2022/23 to 2021/22. The outturn position reported to Cabinet on 9<sup>th</sup> June 2022 confirmed these two figures and they are included in the revised budget position shown on the table below

**Table 2 – Revised Capital Programme 2022 to 2027 - with slippage and accelerated expenditure**

	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2022-2027
	£m	£m	£m	£m	£m	£m
<b>Total Proposed Revised Capital Programme 9<sup>th</sup> June 2022 from Table 1</b>	205.297	117.601	60.608	39.350	33.301	456.157
<b>Budget Changes Approved by Council on 10<sup>th</sup> February 2022, confirmed to Cabinet on 9<sup>th</sup> June 2022:</b>						
Outturn Accelerated expenditure	(1.173)	0.000	0.000	0.000	0.000	(1.173)
Outturn slippage	34.181	0.000	0.000	0.000	0.000	34.181
<b>Total Proposed Revised Capital Programme 2022 to 2027</b>	238.305	117.601	60.608	39.35	33.301	489.165

## 5.0 PROPOSED CAPITAL PROGRAMME CHANGES

### Unallocated Prudential Borrowing to existing scheme

- 5.1 This report seeks Cabinet approval for the following change, that is financed from existing prudential borrowing already approved but which has not previously been included as expenditure within the Capital Programme:

**Table 3 Changes funded by Unallocated Prudential Borrowing**

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2021- 2027
	£m	£m	£m	£m	£m	£m	£m
<b>Approved by Cabinet 9<sup>th</sup> June 2022 and recommended to Council</b>							
<b>Chronically Sick and Disabled Persons Adaptations:</b> Community Equipment provided by Cumbria Care's Community Equipment Service was previously reported as revenue expenditure. For 2021/22 this will now be transferred to the Capital Programme and be financed from previously approved, but unallocated, borrowing. As the borrowing has already been approved for use in the Capital Programme the revenue costs associated with that borrowing (interest and MRP) have already been included in the approved Medium Term Financial Plan	2.201	0.000	0.000	0.000	0.000	0.000	<b>2.201</b>
<b>Total</b>	<b>2.201</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>2.201</b>

### Grant / Contribution for new schemes

- 5.2 This report seeks the approval for the following schemes to be added to the Capital Programme, which are fully funded by external contributions:

**Table 4 Changes to schemes funded by external contributions**

	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2022- 2027
	£m	£m	£m	£m	£m	£m
<b>Barrow Town Deal - Cycling and Walking</b> grant funding has been awarded and the grant funding agreement is expected to be finalised in May 2022. This will further enhance the active travel improvements already being delivered as part of the Active Travel Fund Barrow	3.700	0.000	0.000	0.000	0.000	<b>3.700</b>

	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2022- 2027
	£m	£m	£m	£m	£m	£m
<b>Maryport Future High Street Fund</b> grant funding has been awarded and the grant funding agreement is expected to be finalised with Allerdale Borough Council in early 2022/23. The scheme will deliver public realm and highway network improvements	0.192	0.784	0.000	0.000	0.000	<b>0.976</b>
<b>Total</b>	<b>3.892</b>	<b>0.784</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>4.676</b>

### Virements

- 5.3 This report seeks the approval for virements between the following schemes as detailed below.

**Table 5 Capital Programme Virements**

	2022/23 £m	Description
Additional Inflation Risk Allowance	(1.368)	The approved budget is based on early estimates and a more accurate position is available as the scheme progresses through its preliminary phase. The estimated cost of the delivery of the Grizebeck has now increased as a direct result of the inflation pressure facing the construction industry. This has resulted in both a direct increase in construction materials cost and an indirect risk allocated by contractor in pricing the contract. This is as a consequence of the supplier not being prepared to hold quotation prices for as long as they have done historically. A virement from the Additional Inflation Risk Allowance is required to meet this shortfall
A595 Grizebeck	1.368	
<b>Total Virement impact</b>	<b>0.000</b>	

## **6.0 REVISED CAPITAL PROGRAMME 2022 TO 2027**

### Review of 2022-27 Capital Programme

- 6.1 Taking in to account the changes detailed in sections 4 and 5 to the 2022-27 Capital Programme and the re-profiling as a result of slippage / accelerated expenditure highlighted above, the proposed Capital Programme for 2022/23 is £238.305m.
- 6.2 Inflationary and lead time pressures are likely to have a significant impact on the Capital Programme in 2022/23, including budgetary pressure and the profiling of the delivery of schemes. The main reason for the pressures is the increasing cost of fuel which impacts on logistics, manufacturing and consequent material supply shortages. The position has changed dramatically since November 2021, as a result of major market influences including COVID-19 and the Russia-Ukrainian war.

- 6.3 The above pressures have led to a further reassessment of the current Capital Programme which may result in further changes in year. These changes will be reported as part of the usual quarterly monitoring reports to Cabinet and where Council approval is required to Council as appropriate.
- 6.4 The ongoing review will provide greater clarity around the profile and timelines for work to be undertaken and therefore when expenditure is incurred or what response is required to safeguard the delivery of identified projects in 22/23.

## **7.0 OPTIONS**

- 7.1 Council approves the capital adjustment requests in this report. The recommended option.
- 7.2 Council rejects one or more of the proposed capital adjustment requests.

## **8.0 RESOURCE AND VALUE FOR MONEY IMPLICATIONS**

- 8.1 The resource and value for money implications are covered within this report.

## **9.0 LEGAL IMPLICATIONS**

- 9.1 Under 3.8 of FRS 2 in the Constitution the approval of Council is required to any amendments to the capital programme which are to be funded from prudential borrowing. In making amendments to the approved capital programme Council should be satisfied that any amendment can be financed and be satisfied that any revenue budget consequences of the amendment can be offset by additional income, contingency or earmarked reserves or reserves within the revenue budget.
- 9.2 Under paragraph 6.8 of FRS2 in the Constitution any transfers of budgets between capital schemes in excess of £500,000 require the approval of Council.

## **10.0 CONCLUSION**

- 10.1 The combined impact of the requested changes to the Capital Programme outlined in this report result in a revised Council's Capital Programme of £489.165m for 2022 - 27.

**Pam Duke**  
**Director of Finance (Section 151 Officer)**  
June 2022

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## **APPENDICES**

***No appendices***

Electoral Division(s): All

Executive Decision

Yes	<input type="checkbox"/>
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Key Decision

Yes	<input type="checkbox"/>
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If a Key Decision, is the proposal published in the current Forward Plan?

Yes	<input type="checkbox"/>	<input type="checkbox"/>
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Is the decision exempt from call-in on grounds of urgency?

<input type="checkbox"/>	No
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If exempt from call-in, has the agreement of the Chair of the relevant Overview and Scrutiny Committee been sought or obtained?

<input type="checkbox"/>	<input type="checkbox"/>	N/A
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Has this matter been considered by Overview and Scrutiny?  
If so, give details below.

<input type="checkbox"/>	No
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Has an environmental or sustainability impact assessment been undertaken?

<input type="checkbox"/>	<input type="checkbox"/>	N/A
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Has an equality impact assessment been undertaken?

<input type="checkbox"/>	<input type="checkbox"/>	N/A
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### **PREVIOUS RELEVANT COUNCIL OR EXECUTIVE DECISIONS**

*[including Local Committees]*

No previous relevant decisions

### **CONSIDERATION BY OVERVIEW AND SCRUTINY**

Not considered by Overview and Scrutiny

### **BACKGROUND PAPERS**

Year end outturn report 2020/21 to be considered by Cabinet

### **RESPONSIBLE CABINET MEMBER**

Peter Thornton, Deputy Leader of the Council

### **REPORT AUTHOR**

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