

Cherwell District Council

Budget Planning Committee

5 January 2021

2021/22 Capital Bids

Report of the Director of Finance

This report is public

Purpose of report

To update Budget Planning Committee on the capital bids that have been proposed for 2021/22 and those schemes planned for 2020/21 that have been delayed into 2021/22.

1.0 Recommendations

The meeting is recommended:

- 1.1 Note the capital bids for the 2021/22 budget and the schemes that have not been completed or started in 2020/21 and are proposed to be taken into 2021/22.
- 1.2 To provide feedback on the capital bids and 2020/21 schemes not yet started to take into the 2021/22 budget to help inform the Executive's proposed budget.
- 1.3 Note the proposed Capital Strategy for 2021/22 (appendix 3, to follow).

2.0 Introduction

- 2.1 Cherwell District Council (CDC) sets its budget annually. The budget consists of both revenue and capital elements. BPC considered the draft revenue budget pressures and savings proposals at its meeting on 15 December 2020. This report and accompanying appendices offers BPC the opportunity to consider and comment on the proposed capital budget for 2021/22.

3.0 Report Details

- 3.1 CDC has had a considerable capital programme in recent years, funding projects such as Castle Quay. There have also been significant levels of slippage in the delivery of capital schemes in recent years. As CDC has not delivered all its capital programme in recent years and in recognition that it is consulting on significant levels of revenue savings in 2021/22, the value of new capital bids proposed for 2021/22 has been kept to a minimum. The capital bids have a total value of £4.6m with a cost of £3.0m in 2021/22. These have a focus on spend to save, health and safety and maintenance proposals to minimise the additional borrowing costs that

will need to be included in the revenue budget. A summary of the capital bids by Directorate is set out in Table 1 and the individual bids are set out in Appendix 1.

Table 1: Summary of Capital Bids by Directorate

Directorates	Total Project Cost £000	Profiled Spend 2021/22 £000
Communities	1,200	1,200
Regulatory Services	15	15
Place & Growth	384	140
Commercial Development, Assets & Investments	2,167	797
Customers & Organisation Development	800	800
Grand Total	4,566	2,952

- 3.2 CDC's capital budget monitoring has identified that £27.6m of the 2020/21 capital programme is likely to slip into 2021/22. Of this, £19.1m is linked to projects that have already started (including £12.0m related to Castle Quay 1 and 2). It is proposed that these continue into 2021/22.
- 3.3 There are a further £8.5m of projects that have identified they will slip into 2021/22 which have not yet started. CDC has again considered its financial position and has taken the view that some of these projects should not proceed into 2021/22 until the budgetary position of the Council is more stable. It is therefore proposed that £0.7m of schemes are included in the 2021/22 capital programme whilst £7.8m of schemes are put on hold in a capital pipeline.
- 3.4 Full details of the schemes outlined in paragraphs 3.2 and 3.3 can be seen in Appendix 2.
- 3.5 Therefore, the capital programme for 2021/22 will be £22.8m if all of the bids and slippage are agreed.
- 3.6 CDC's draft Capital Strategy at Appendix 3 (to follow) provides an overview of the Council's capital programme, how the programme will be financed and the overall levels of debt the Council will have. In particular the Capital Strategy also considers the Council's approach to investments and Minimum Revenue Provision policy.

4.0 Conclusion and Reasons for Recommendations

- 4.1 Budget Planning Committee is asked to provide feedback on the capital bids being considered for inclusion in the 2021/22 capital programme for Cherwell District Council.

5.0 Consultation

Budget Planning Committee is being consulted on the capital bids to be included in the 2021/22 Budget Proposal for Cherwell District Council.

6.0 Alternative Options and Reasons for Rejection

6.1 There are no alternative options.

7.0 Implications

Financial and Resource Implications

7.1 There are no financial implications that are directly associated with this report. Any comments the Budget Planning Committee has on the proposals will be considered as part of the overall budget setting process. Council will consider the 2021/22 budget at its meeting in February 2021. The capital bids within this report

Comments checked by:

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Legal Implications

7.2 As a general rule, councils are not allowed to use capital income to fund revenue expenditure (though they can use revenue income for capital expenditure).

Capital expenditure is funded through capital income sources such as capital receipts and borrowing. Councils need to ensure, and also demonstrate, that there is a clear separation between capital and revenue in all of its financial activities, and that revenue and capital are accounted for separately, as this report seeks to demonstrate (see Introduction, 2.1).

Comments checked by:

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Risk Implications

7.3 There are no risk implications arising directly from this report. This report forms part of the Council's budget setting process for 2021/22.

Comments checked by:

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8.0 Decision Information

Key Decision N/A as not an Executive report

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

Links to all areas of the Corporate Plan.

Lead Councillor

N/A

Document Information

Appendix number and title

- Appendix 1 – 2021/22 Capital Bids
- Appendix 2 – 2020/21 Capital Slippage
- Appendix 3 – Draft 2021/22 Capital Strategy (to follow)

Background papers

None

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