

SOUTH STAFFORDSHIRE COUNCIL

APPROVAL TO INCREASE CAPITAL PROGRAMME

COUNCIL - 14 DECEMBER 2021

REPORT OF THE CORPORATE DIRECTOR RESOURCE AND S151 OFFICER

LEAD CABINET MEMBER – COUNCILLOR ROGER LEES, LEADER OF THE COUNCIL

PART A – SUMMARY REPORT

1. SUMMARY OF PROPOSALS

- 1.1 The purpose of this report is to request that Council approve the Capital Programme for the Council being uplifted in lieu of the anticipated Capital receipt from Hilton Cross.

2. RECOMMENDATION

- 2.1 Council approves the proposal to uplift the Capital Programme in lieu of the anticipated Capital Receipt from Hilton Cross.

3. SUMMARY IMPACT ASSESSMENT

POLICY/COMMUNITY IMPACT	Do these proposals contribute to specific Council Plan objectives?	
	Yes	The budget (capital and revenue) is the financial expression of the Council's priorities and therefore underpins all of the fundamental themes included within the Council Plan.
	Has an Equality Impact Assessment (EqIA) been completed?	
	No	Decisions about the Capital Programme do not directly impact on equality issues.
SCRUTINY POWERS APPLICABLE	N/A – Council Decision	
KEY DECISION	No	
TARGET COMPLETION/ DELIVERY DATE	14 December 2021	
FINANCIAL IMPACT	Yes	Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the authority, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create

		<p>financial commitments for the future in the form of financing costs and revenue running costs.</p> <p>The Prudential Code places controls on the financing capacity of the authority. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.</p> <p>The report sets out an amendment to the Council's capital programme, previously approved as part of the MTFS for the 2021/22 financial year in February 2021 and uplifted for slippage following the 2020/21 outturn and audited Statement of Accounts.</p>
LEGAL ISSUES	Yes	<p>Section 151 of the Local Government Act 1972 places a general duty on local authorities to make arrangements for 'the proper administration of their financial affairs'.</p> <p>Responsibility for agreeing variations to approved budgets, plans and strategies forming the policy framework (including the Capital Programme) resides with Council.</p>
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	
IMPACT ON SPECIFIC WARDS	No	

PART B – ADDITIONAL INFORMATION

4. INFORMATION

- 4.1 The 2021/22 Capital Programme for the Council was approved on 23 February 2021. As detailed in that report, there was considerable expected slippage at that time. The outturn report and audited Statement of Accounts confirmed the level of underspend that would be slipped and added to 2021/22 Capital budgets.
- 4.2 The Council has been negotiating the sale of land previously purchased at Hilton Cross. This transaction is now considered imminent and will result in an expected capital receipt to the Council of £4.2m.
- 4.3 Local Authorities are limited by statute for the purposes to which Capital Receipts can be used. In most circumstances, these will be limited to either:

- Finance Capital Expenditure
 - Repay the principal of any amounts borrowed to finance Capital Expenditure
- 4.4 Should the Council wish to maintain its commercial asset base and consequent revenue earning potential it is necessary that authority is granted to increase the Capital programme by a corresponding amount.
- 4.5 Appendix 1 to this report details the current Capital programme alongside the proposed, revised Capital programme should the contents of this report be approved.
- 4.6 The only constraint upon this would be if underlying borrowing requirements to fund the Capital programme would exceed the authorised borrowing limits of the Council as detailed in the Treasury Strategy and approved by Audit and Risk Committee.
- 4.7 The current authorised limit for debt (the maximum level of borrowing) for the Council is £32m which will not be exceeded by the proposals in this report as detailed in Appendix 1. Future planned capital expenditure beyond 2021/22 not detailed in Appendix 1 is primarily funded by Disabled Facilities Grant. Existing plans will therefore not place this constraint under any currently foreseeable pressure.
- 4.8 The proposed increase in the capital programme will not give approval to any specific capital expenditure. Instead, Officers will have authority to fully appraise any investment opportunities as and when they arise. In accordance with the Constitution, a full appraisal of the costs and benefits of any potential investment will be discussed and approved or rejected by Cabinet before any capital expenditure is sanctioned.

5. Conclusions

- 5.1 In order for any future investment opportunities to be swiftly appraised and if viable, acted upon, approval is required from Council to increase the Capital programme as detailed in Appendix 1.

Report prepared by: Peter Shakespear - Corporate Director Resource

Appendix 1 2021/22 Capital Programme. Existing and Proposed

CAPITAL EXPENDITURE	Approved in MTFS £'000	Slippage from 2020/21 £'000	Other Adjustments £'000	Current Capital Programme £'000	Proposed Amendment £'000
Corporate					
Commercial Asset Strategy	0	9,433	0	9,433	13,633
Community Hub	0	5,212	0	5,212	5,212
Other	0	72	0	72	72
Total Corporate	0	14,717	0	14,717	14,717
Business Transformation	25	64		89	89
Welfare Services	900	818	227	1,945	1,945
Community Services	796	2,672	916	4,384	4,384
Planning	0	127		127	127
Other					
Subject to Business Case	107	33	(107)	33	33
Statement of Decision	3,946	0		3,946	3,946
Total	5,774	19,465	1,036	25,241	29,439