

SUBJECT:	2020/21 CAPITAL SLIPPAGE ASSESSMENT
MEETING:	CABINET
DATE:	7th July 2021
DIVISION/WARDS AFFECTED:	ALL

1. PURPOSE:

- 1.1 The purpose of this report is to provide Members with the results of the assessment carried out of capital slippage requests made by budget holders at the end of the 2020/21 financial year and to obtain the necessary approval to carry forward the budgets into the 2021/22 capital programme.

2. RECOMMENDATIONS:

- 2.1 That Members note the results of the slippage assessment carried out following the 2020/21 financial year-end as contained in **Appendix 2** and approve the slippage requests totalling £49.14m along with the related presumptions made around financing consequences as detailed in **Table 1**.
- 2.2 That Members endorse that the funding that is released as a result of the assessment totalling £777k is reinvested in the capital programme in line with capital investment priorities as contained in the 2021/22 Capital Strategy as approved by Council in March 2021.

3. KEY ISSUES:

- 3.1 The 2020/21 capital expenditure outturn presented to Cabinet at its meeting on 9th June 2021 highlighted slippage requests from budget holders totalling £49.92m. The vast majority of this slippage was due to the delays encountered relating to the impact of Covid-19 and was very much outside of the control of the Authority, with two schemes (Asset Investment Fund and Abergavenny 3-19 School) accounting for two thirds of the total slippage.
- 3.2 As part of that report, Members were asked to note the slippage requests of £49.92m and that Cabinet would receive a further assessment of the justification for scheme slippage at its July meeting. This report provides the results of that assessment.
- 3.3 The assessment carried out is contained in **Appendix 2** and splits capital projects into two categories:
- 1) Capital projects which are financed by **specific funding** sources in the form of:
 - Grants or Section 106 contributions;
 - Borrowing paid for by a service revenue budget;

- Those projects with external funding but with a required match funding contribution from Authority resources.
- 2) Capital projects with **non-specific** funding in the form of Capital receipts, reserve funding or borrowing paid for corporately.

Table 1: Summary of slippage assessment

	Total	Specific Funding	Non Specific Funding
	£	£	£
Slippage requests	49,919,828	44,583,023	5,336,805
Approved	49,142,828	44,583,023	4,559,805
Disallowed and to be re-invested in capital priorities	777,000	0	777,000
Of which funded by:			
Capital Receipts	(592,000)	0	(592,000)
Unsupported borrowing	(185,000)	0	(185,000)

- 3.4 Slippage requests for capital projects with specific funding sources totalled £44.58m and following assessment it is considered appropriate to recommend approving these requests in full since rejecting or diverting these slippage requests would not provide any tangible benefit to the Authority and would simply result in external funding having to be returned to the funding bodies or projects budgeted to be afforded by the approved revenue budget being halted unnecessarily.
- 3.5 Slippage requests for capital projects with non-specific funding sources totalled £5.34m and these requests have been subject to further scrutiny by budget holders, Heads of service and the Senior Leadership Team. The final recommendation is that £777k of funding in the form of Capital receipts (£592k) and Unsupported borrowing (£185k) can be released for wider capital reinvestment by reducing or disallowing the slippage on the follow capital projects:

Capital Project	Slippage reduced or disallowed	Reason
Highways Operations: Balance of Purchase of Siltbuster Plant	250,000	Using the available capital budget of £250k to purchase Siltbuster plant would reduce overall revenue borrowing costs, however this not considered a sufficiently robust reason to carry forward capital funding
Highways Operations: Contribution for MCC share of repair works to Wireworks Bridge	312,000	MCC are committed to a 50% contribution to the repair of the Wireworks bridge, however work is not starting until Summer 2022 and the total contribution will be approx. £1.5m and will require further consideration of the most appropriate funding mechanism

Capital Project	Slippage reduced or disallowed	Reason
Access For All	100,000	The 2020/21 programme of works was severely impacted by Covid-19 restrictions. On reviewing and producing an achievable programme of works for 2021/22 officers have indicated that only £85k of the £185k unutilised budget is required to be carried forward
County Farms Maintenance & Reinvestment	85,000	The 2020/21 programme of works was severely impacted by Covid-19 restrictions. On reviewing and producing an achievable programme of works for 2021/22 officers have indicated that only £130k of the £215k unutilised budget is required to be carried forward
Chepstow Leisure Centre Feasibility Study	30,000	Funding is no longer required due to the wider Leisure Centre capital investment plan requiring to be revisited in light of the ongoing Covid-19 pandemic and the significant and continuing impact on the Leisure sector
Total	777,000	

- 3.6 The capital funding of £777k released for wider reinvestment will be assessed in line with the 2021/22 Capital Strategy priorities as approved by Council in March 2021, and as per the Authorities constitution any investment of Capital receipts or borrowing will require full Council approval.

4 **OPTIONS APPRAISAL**

- 4.1 The report is based on a capital outturn position that has been prepared for consideration and predicated on assumptions that have been independently assessed by budget holders, Heads of service and the Senior Leadership Team. These assumptions don't look to represent a policy position that Cabinet is looking to take on further capital reinvestment. Rather they represent a reasoned assessment of capital slippage requests and the resultant impact on the delivery of capital investment based on known information.

5 **EVALUATION CRITERIA**

- 5.1 Budget holders have indicated the likely consequences of reducing or disallowing capital slippage on the various projects and this has been considered in the overall assessment carried out.

6 **REASONS:**

- 6.1 To provide Members with the results of the assessment carried out of Capital slippage requests made by budget holders at the end of the 2020/21 financial year and to obtain the necessary approval to carry forward the budgets into the 2021/22 capital programme.

7 RESOURCE IMPLICATIONS:

- 7.1 The resource implications of the decision are contained in this report and the attached appendices. The overall funding released as a result of the decision will be assessed in line with the 2021/22 Capital Strategy priorities as approved by Council in March 2021, and as per the Authorities constitution any investment of Capital receipts or borrowing will require full future Council approval.

8 EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):

- 8.1 The overall impact of the recommendation in this report is considered widely neutral considering the limited scope to deliver the capital projects impacted by the decision. In particular for Access for all projects, the programme of works planned for 2021/22 is based on what is considered achievable given the resources in place and demand for the service. Even if the budget was not reduced it would not directly translate into further works being completed and therefore the overall impact is considered widely neutral.
- 8.2 Any Equality and Future Generations impacts resulting from reinvestment of the budget released by this decision will be fully considered subsequently when Council receives any proposals for reinvestment.

CONSULTEES:

Senior Leadership Team
Cabinet

BACKGROUND PAPERS:

Appendix 1 – 2020/21 Capital slippage requests
Appendix 2 – Slippage assessment

AUTHORS:

Jonathan Davies, Acting Assistant Head of Finance (Deputy S151 officer)

CONTACT DETAILS:

Tel: 01633 644114
E-mail: jonathandavies2@monmouthshire.gov.uk