

COUNCIL
12 NOVEMBER 2020**REPORT OF CABINET – MATTERS WHICH REQUIRE A
DECISION BY COUNCIL**

**RESOURCES REPORT – REVENUE AND CAPITAL BUDGET
MONITORING – MONTH 4 (31 JULY) 2020/21****Recommendation**

- 1. The Leader and Cabinet recommend that Council approves the updated capital programme as set out in Appendix 1.**
2. The Cabinet has considered the report of the Cabinet Member with Responsibility for Finance which included an updated Capital Programme. The timing of capital expenditure over the current and future years has been reviewed and an updated profile provided.
3. The revised profile has taken account of the roll forward of capital schemes from last financial year and the impact that has on the current year's profile of expenditure and estimate for future years, along with re-profiling across financial years based on current best information available.
4. There have been changes to values of capital schemes due to increases in external income expected, and reallocations between schemes to take account of more realistic planning which are also included.

**UPDATE ON THE COUNTY COUNCIL'S COVID RESPONSE AND
RECOVERY**

- 5. The Leader and Cabinet recommend that Council notes the financial summary and agrees to a £15m addition to the updated Capital Programme at Appendix 2.**
6. Cabinet has considered a report providing a broad overview of the activities being led or supported by the Council in respect of COVID response and recovery. The report also included proposals for revisions to the Capital Programme.
7. The full economic impact of Covid-19 is yet to be understood, but from national data provided by Office for National Statistics (ONS) and Office for Budget Responsibility (OBR) the projected decline in gross value added (GVA) across Worcestershire ranges from 26% to 41%. Using this same approach, GVA for Worcestershire is estimated to fall by 36%, with the largest contribution to the fall from manufacturing followed by wholesale and retail, other sectors significantly affected in the county include accommodation, leisure, culture and entertainment.

8. The National Business Impact of Covid Survey, undertaken by ONS between 10 and 23 August 2020, shows 1.1% of businesses remain temporarily closed. Of these they are reporting that 16.3% of staff are fully or partially furloughed.

9. The Council set its 2020/21 Capital Programme as part of the February 2020 Full Council meeting to establish its budget and council tax precept. Since that date the Council, its residents and businesses have been responding to COVID-19 and the full economic and social impacts brought with that. The way the high street and business will operate over the coming years is now being challenged and the County Council, working with all partners needs to have flexibility to enable prompt decisions to be made that help facilitate the continued state and hopefully growth of our local economy.

10. Whilst the Council continues to lobby Central Government for funding with success seen over recent months, for example the investment in the county's roads and transport, the Council recognises it may need to engage in the economic environment to facilitate recovery. As part of this the Council needs to recognise the potential need for further borrowing and an increase in the capacity within the Capital Programme it has set to aid the economic recovery arising due to COVID. The ability to increase the Capital Programme in year is reserved to Full Council and Council is being asked to consider and approve a modest increase in order to achieve that goal.

11. The Council has already developed a strong economic plan, working with partners such as the District Councils and the Local Enterprise Partnership (LEP). The Council's initial response to COVID-19 included re-focusing £3.5m of the Open For Business funds to support the recovery. It has also led the call for bids to Government to secure further capital schemes (EA flood scheme at Tenbury as an example), as well as transport schemes, including the Getting Building Funding announced for Worcestershire in the summer.

12. The Cabinet recognises that as well as investing in technology and skills, the Council also need to focus its efforts on ensuring that the County is agile and flexible to new opportunities, including the way and where people work. Key to that will be transport infrastructure and economic development activity. The capital programme already had plans to spend £5 million across 2019-23 across rail stations in the County. Cabinet proposes increasing that to £20 million, with the additional £15 million funded from borrowing as and when any future decision is taken by Cabinet on consideration of a full and robust business case.

13. There has already been a significant shift in where and how people work and there are new opportunities to grow the local economy through further investment in rail stations and associated regeneration around them that will enable easier access to new workplaces and allow greater productivity. They also have the potential to draw in further Government and third-party development funds, from which is often leveraged more local wealth and employment. Such schemes can enable less road congestion and a wider employment resource, both of which are often key factors to attract new investment.

14. The Council has a fiduciary duty to maintain the on-going viability and delivery of services in making these decisions and as such will need to enter into any ventures following rigorous due diligence and assessment of any financial and/or social impact against any commercial gains or losses. As such whilst Council is asked to increase the Capital Programme this would be funded from borrowing that would only be drawn down

following thorough business cases and due diligence to the economic worth of such schemes. These would be presented and considered at Cabinet in every case, and as such be subject to the usual constitutional conditions. Therefore, no decisions to spend are taken by this recommendation.

Mr S E Geraghty
Chairman

Supporting Information – Available with the reports to Cabinet 24 September and 22 October 2020 at

<https://worcestershire.moderngov.co.uk/ieListMeetings.aspx?CId=131&Year=0>

Appendix 1, Capital Programme 2020/21 – 2023, 24 September 2020

<https://worcestershire.moderngov.co.uk/ieListDocuments.aspx?CId=131&MId=3170&Ver=4>

Appendix 2, Capital Programme 2019/20 – 2022/23 onwards, showing recommended changes, 22 October 2020

<https://worcestershire.moderngov.co.uk/ieListDocuments.aspx?CId=131&MId=3171&Ver=4>

Contact Points

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Background Papers

In the opinion of the proper officer (in this case the Assistant Director for Legal and Governance) the following are the background papers relating to the subject matter of this report:

Agenda and background papers for the meetings of the Cabinet held on 24 September and 22 October 2020.