

## **ESTABLISHMENT OF CABINET PANEL - CAPITAL**

**Submitted by:** Executive Management Team

**Portfolio:** Finance and Resources; Economic Development, Town Centres and Customer Services; Planning and Assets

**Ward(s) affected:** All

### **Purpose of the Report**

To establish a cross-party Cabinet Panel to make recommendations to Cabinet to consider the spending priorities of the council's capital programme and to review asset disposals required to meet future capital expenditure commitments.

### **Recommendations**

- (a) That a Capital Programme Cabinet Panel be established with a membership of five appointed on the basis of political proportionality (Labour 3; Conservative 1; Liberal Democrat 1).**
- (b) That a portfolio holder be appointed to chair the panel.**
- (c) That the Group Leaders be requested to make nominations for membership of the panel from their respective groups in accordance with (a) above.**
- (d) That the Panel make recommendations to Cabinet in respect of the Council's future capital programme.**

### **Reasons**

There is a need to establish a mechanism for Members to keep under review the council's capital programme both income and expenditure.

## **1. Background**

- 1.1 At its meeting on 5 February 2014 Cabinet considered a report on the Newcastle Capital Investment Programme. The report detailed a number of strategies and actions that needed to be developed to deal with the shortfall of resources to meet the cost of the projected capital expenditure. These were:
  - A critical review of all the projected capital expenditure categorising expenditure as essential, desirable, long term etc. and developing a prioritised rating;
  - Rescheduling of projects being aware of dangers inherent in this such as possibly costing more in the long run, greater likelihood of unexpected breakdown/repairs; perpetuation of inefficiencies, health and safety implications, etc;
  - Prioritisation of projects;
  - Looking at opportunities in respect of "invest to save";
  - Exploring opportunities for alternative service delivery linked in with the revenue budget and the work being undertaken as part of the Newcastle 2020 project;
  - Seeking opportunities of working with others embracing one of the Council's priorities of a co-operative council;
  - Assessing any requirement for the use of temporary borrowing to cover shortfalls;

- Assessing any requirement for the use of Reserves to cover shortfalls with Reserves being “repaid” when resources become available (limited by availability of and amounts held in reserves)
  - Creation of rotating or sinking funds to provide for cyclical replacements eg vehicles;
  - Evaluating options for the leasing of items such as vehicles as an alternative to capital purchase.
- 1.2 The report proposed that the corporate Assets Review Group, comprising various officers from a variety of related disciplines, should develop these strategies and actions and that Cabinet should give consideration to the formulation of a cabinet panel to develop and oversee the process required. The Cabinet resolved, “*That a cabinet panel be developed to oversee the process required*”. In considering a report on the Council’s Capital Strategy at its meeting on 25 February 2015, the Council endorsed the recommendation for a cabinet panel to be established.

2. **Issues**

- 2.1 There is a need to establish a responsive, efficient and accountable mechanism for considering proposals for keeping the Council’s capital programme under review. The mechanism which has been proposed by Cabinet and is supported by Council is for establishment of a cross-party Cabinet panel as detailed in the proposals section below.

3. **Proposal**

- 3.1 To establish a Cabinet Panel to oversee the process required to develop the strategies and actions to deal with the future expenditure and financing of the Council’s capital programme. The Panel will consist of five members with places being allocated in accordance with the political proportionality of the Council. The Group Leaders will be asked to make nominations for Members to serve on the Panel.

4. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 4.1 The funding of key policy priorities and invest to save projects will contribute to all the council’s priorities as set out in the Council Plan;
- A clean, safe and sustainable Borough.
  - A Borough of opportunity.
  - A healthy and active community.
  - Becoming a co-operative council which delivers high quality, community-driven services.

5. **Legal and Statutory Implications**

- 5.1 The Local Government Act 2000 and the Constitution empowers the Executive to make these arrangements.

6. **Equality Impact Assessment**

There are no differential impacts in this report.

7. **Financial and Resource Implications**

- 7.1 Full council on 25 February 2015 approved the Council’s capital strategy.

- 7.2 There are no direct financial implications from the establishment of the panel other than the officer time to support it. The Panel will make recommendations on priorities for the Council's future capital programme expenditure based upon resources available to it, mainly through income from capital receipts and existing capital provisions.
- 7.3 Officer support to the Panel will be provided by the Finance team and officers from departments which make capital expenditure and from the Property team who are responsible for disposal of surplus assets from which significant capital income is derived.

8. **Major Risks**

- 8.1 A full risk assessment in respect of the council's budget for 2015/16 was included as part of the budget report to full council on 25 February 2015.

9. **Earlier Cabinet/Council Resolutions**

Council 25 February 2015 – Capital Strategy.

Cabinet 15 October 2014 – Funding the Council's Capital Programme

Cabinet 5 February 2014 – Newcastle Capital Investment Programme