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**REVIEW OF THE MEDIUM TERM FINANCIAL PLAN AND  
THE CAPITAL PROGRAMME**

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**Responsible Cabinet Member – Councillor Stephen Harker, Resources Portfolio**

**Responsible Director – Paul Wildsmith, Director of Corporate Services**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To consider proposals to reduce capital expenditure commitments in light of the Council's overall financial position following the economic downturn.

**Summary**

2. In light of the economic downturn it is considered appropriate to review the Council's Capital Programme and defer some schemes at this time.

**Recommendation**

3. It is recommended that Cabinet :-
  - (a) Note the Council's deteriorating financial position
  - (b) Defer the capital schemes at Appendix B until the overall review of the Medium Term Financial Plan in February 2009.

**Reasons**

4. The recommendations are support to reduce any dependencies the Council may have on borrowing to cover its Capital Medium Term Financial Plan

**Paul Wildsmith  
Director of Corporate Services**

**Background Papers**

Accounting Records

Previous Cabinet Reports

Paul Wildsmith

S17 Crime and Disorder	The deferral of CCTV schemes will have a negative effect on Crime and Disorder
Health and Well Being	There are a number of schemes being deferred that may well have a negative effect on the Health and Well Being agenda
Sustainability	There are a number of capital schemes being deferred that may well have negative implications for the Council's Sustainability agenda.
Diversity	There a number of capital schemes being deferred that may well have negative implications for the Council's Diversity agenda
Wards Affected	All Wards
Groups Affected	All Groups
Budget and Policy Framework	This report defers the release of schemes in the Councils Capital MTFP.
Key Decision	This is a key decision because of the significant expenditure deferral and effect on services".
Urgent Decision	This is not an urgent decision
One Darlington: Perfectly Placed	There are a number of capital schemes included in the report that are to be deferred this will have negative implications for a number of areas in the Sustainable Community Strategy

## MAIN REPORT

### Information and Analysis Current Financial Position

5. The Council's approved MTFP for 2008/09 is potentially £1.8m worse off than at the time of its approval in February this year. There are a number of contributory factors but a significant element is due to the economic downturn. A number of the factors particularly those associated with the downturn will continue into future years therefore presenting an increased challenge in matching the Council's plans and aspirations with its available resources.
6. A significant contributor to the financial position is the inability of the Council to dispose of land earmarked for sale in the approved MTFP. Sales were required to fund capital schemes and to repay debt thus reducing the revenue budget. Latest information identifies a £10m capital shortfall which if not reduced by sales or deferring existing schemes will result in increased revenue costs of £1m per annum, which would add to the potential £1.8m identified above.

### Review of Capital Programme

7. To reduce the Council's potential financial overspend at this stage in the financial year officers have reviewed the existing capital programme to highlight which schemes could be deferred until the detailed review of the MTFP in January and February 2009. Firstly, officers highlighted schemes which were not contractually committed and then considered which of these schemes could be deferred. In doing so, schemes which are externally funded and their deferment would be detrimental to future funding were discounted. Similarly, schemes that would lead to a significant reduction in work for in-house teams were discounted. The aim is to reduce costs by deferring schemes but this would not be achieved if there was a consequential impact on internal trading accounts.
8. For Members information, a full list of all capital schemes is attached at **Appendix A**. Set out below are the schemes which officers would suggest can be deferred until further consideration is given to the Councils' overall financial position in 2009. **Appendix B** includes more detail about each scheme.

SCHEME	£000's
Town Hall Refurbishment	100
CCTV 2008/9	50
Town Centre Railguards	75
DDA 2008/9	50
Environmental Improvements 2008/09	400
Housing Capital receipts (1)	100
North Lodge Bandstand	45
Crematorium improvements	60
Skerne Valley recreation route	35
Northgate building improvements	24
Skerne Park community centre	700
Town Centre Improvements	84
<b>TOTAL</b>	<b>1723</b>

(1) This will result in a £100,000 temporary reduction in the housing programme.

## **Conclusion**

9. The Council's financial plan has deteriorated since its approval and to retain maximum flexibility in advance of reviewing the MTFP in 2009 it is considered appropriate to defer some capital schemes at this time.

## **Outcome of Consultation**

10. No formal consultation has taken place.