

# KENT COUNTY COUNCIL – RECORD OF DECISION

## DECISION TAKEN BY:

Mr Oakford, The Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services

## DECISION NO:

22/00050

## For publication

### Key decision: YES

*Key decision criteria. The decision will:*

- a) *result in savings or expenditure which is significant having regard to the budget for the service or function (currently defined by the Council as in excess of £1,000,000); or*
- b) *be significant in terms of its effects on a significant proportion of the community living or working within two or more electoral divisions*

## Subject Matter / Title of Decision: Inflationary Pressures on Capital Construction Programmes

### Decision:

As Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, I agree to:

1. note the £28.8 million estimated impact on capital budget spend in the Medium-Term Financial Plan of £339.3 million across the capital programme for 2022-23, were already approved via key decision or covered by appropriate delegated authority to be funded from the options identified;
2. consider the use of Fluctuation clauses when deemed necessary to control costs to KCC and alleviate adverse effects to the main contractor supplier of the rise in material costs; and
3. delegate authority to the Director of Infrastructure or the Corporate Director of Growth, Environment and Transport (for Highway Schemes), in consultation with the Corporate Director of Finance and the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, to take the necessary actions, including but not limited to entering into contracts and other necessary documentation to enable the delivery of the capital programme taking into account construction and inflation where existing Record of Decisions levels are needed to be adjusted.

### Reason(s) for decision:

The national fiscal and economic context is an important consideration for the Council in setting and managing its revenue and capital budgets. The budget report to County Council on 10 February 2022 referred to the extraordinary and unexpected challenge to the UK economy and economies across the world arising from the COVID-19 pandemic.

Kent County Council (KCC) has a significant Capital Construction Programme, which has been adversely impacted by the inflationary pressures facing the UK construction industry. This decision is necessary to ensure that KCC has sufficient capital allocated and effective contractual management arrangements in place to deliver the programmes and projects, with anticipated additional costs as set out in the Medium-Term Financial Plan. A decision is required to implement these in the time available to avoid disruption to front line services and to secure the contractual arrangements for the provision of key infrastructure projects, including the provision of school places to meet KCC's statutory duties.

**Cabinet Committee recommendations and other consultation:**

The proposed decision was discussed by the Policy and Resources Cabinet Committee on 4th May 2022 and the proceedings were as follows:

RESOLVED that the decision proposed to be taken by the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services to agree to:

1. note the £28.8 million estimated impact on capital budget spend in the Medium-Term Financial Plan of £339.3 million across the capital programme for 2022-23, were already approved via key decision or covered by appropriate delegated authority to be funded from the options identified;
2. consider the use of Fluctuation clauses when deemed necessary to control costs to KCC and alleviate adverse effects to the main contractor supplier of the rise in material costs; and
3. delegate authority to the Director of Infrastructure or the Corporate Director of Growth, Environment and Transport (for Highway Schemes), in consultation with the Corporate Director of Finance and the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, to take the necessary actions, including but not limited to entering into contracts and other necessary documentation to enable the delivery of the capital programme taking into account construction and inflation where existing Record of Decisions levels are needed to be adjusted.

be ENDORSED.

**Any alternatives considered and rejected:** None.

**Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:** None.



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signed

16<sup>th</sup> May 2022

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date