Wiltshire Council

AGENDA SUPPLEMENT (2)

Meeting: **Overview and Scrutiny Management Committee**

Place: **The Kennet Room - County Hall, Trowbridge BA14 8JN**

Date: **Tuesday 24 January 2023**

Time: **10.30 am**

The Agenda for the above meeting was published on 16 January 2023. Additional documents are now available and are attached to this Agenda Supplement.

Please direct any enquiries on this Agenda to Ben Fielding of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718656 or email benjamin.fielding@wiltshire.gov.uk

Press enquiries to Communications on direct lines (01225)713114/713115.

This Agenda and all the documents referred to within it are available on the Council's website at www.wiltshire.gov.uk

---

DATE OF PUBLICATION: 24 JANUARY 2023

This page is intentionally left blank

Wiltshire Council

Cabinet

31 January 2023

Subject:	**Financial Year 2022/23 - Quarter Three Revenue Budget Monitoring**
Cabinet Member:	**Cllr Nick Botterill – Cabinet Member for Finance, Development Management and Strategic Planning**
Key Decision:	**Non-Key**

Executive Summary

This report informs members of the third quarterly revenue budget monitoring forecast position for the financial year 2022/23 based on the position at the end of November 2022, updated for any known significant changes in December 2022.

Quarter 3 Revenue Budget Monitoring

Quarter 3 budget monitoring forecasts are based on information known as at 31 December 2022. These are still forecasts and will be subject to movement until the end of the financial year. As such they are still not certain and include estimation, particularly on areas such as income, demand and inflationary pressures.

The Net Budget set by Full Council for 2022/23 is £417.703m, and this budget was set recognising the one-year nature of the government funding and the uncertainty of future reform. The 2022/23 budget ensured that vital services to the residents, businesses and communities of Wiltshire continue to be provided during the ongoing pandemic, as well as delivering on the commitments as set out in the new Business Plan.

The quarter 3 position forecasts an underlying overspend for the year of £15.697m with one off mitigations in place that result in a net overspend for the year of £5.037m. It is proposed that this overspend is met from the £8.8m inflation reserves that were prudently set aside to cover the anticipated cost of inflation during 2022/23.

Proposal(s)

Cabinet is asked to approve:

a) the utilisation of the inflation reserve to fund the net overspend, currently forecast at £5.037m, in 2022/23;

b) the transfer of £0.015m in 2022/23 and £0.045m in 2023/24 from the SEN commissioning reserve to fund the SEND Youth Voice Pioneer Programme; and

c) The transfer of the £16.5m Budget Equalisation Reserve and the balance remaining in the Inflation Reserves, estimated at £3.8m at the end of the year, as follows:

   a. £7m to the General Fund Reserve
   b. £10m to a new earmarked reserve for accommodation needs
   c. £2m to the Transformation Reserve to support the community led Community Development pilots
   d. £0.5m to a new earmarked reserve for investment in the county's road sign infrastructure, and
   e. The remaining balance to the Business Plan Priority Reserve.

Cabinet is asked to note:

a) the current revenue budget is forecast to overspend by £5.037m by the end of the financial year.

b) the current forecast savings delivery performance for the year.

Reason for Proposal(s)

To inform effective decision making and ensure sound financial management as part of the Councils overall control environment.

To inform Cabinet on the forecast revenue financial position of the Council for the financial year 2022/23 as at quarter 3 (31 December 2022), including delivery of approved savings for the year.

Terence Herbert
Chief Executive

Wiltshire Council

Cabinet

31 January 2023

Subject: **Financial Year 2022/23 - Quarter Three Revenue Budget Monitoring**

Cabinet Member: **Cllr Nick Botterill – Cabinet Member for Finance, Development Management and Strategic Planning**

Key Decision: **Non-Key**

Purpose of Report

1. To advise Members of the Revenue Budget Monitoring position 2022/23 Quarter 3 (31 December 2022) for the financial year 2022/23 with suggested actions as appropriate.

Relevance to the Council's Business Plan

2. Budget monitoring and reporting supports effective decision making and the alignment of resources and financial performance to the Council's priorities and objectives as laid down in the Business Plan.

3. Providing updates on the medium term financial strategy and budget for future years supports effective decision making and the alignment of resources to the Council's priorities and objectives as laid down in the Business Plan.

Background

<u>REVENUE BUDGET MONITORING 2022/23 – QUARTER 3</u>

4. The Council approved a net budget for 2022/23 of £417.703m at its meeting on 1 February 2022.

5. This is the third report for the financial year and includes a summary of the movements to the original budget since it was set by Full Council in February 2022. This summary can be seen in Appendix A.

6. The following paragraphs focus on forecast outturn variances against the approved budget based on information as at 31 December 2022. They also continue to set out the underlying pressure currently estimated within the service areas mainly as a result of the significant increases in inflation, and the assessed impact of this on the budgets. Mitigating management action is being taken and this is detailed so that the forecasts include the underlying pressure and the net position following the mitigations.

7. The forecasts at this stage of the year have helped inform the base budget requirements for the following year and they also ensure that the budget papers can clearly set out the plans for the reserves. The forecasts still contain an element of uncertainty and are forecasts for known items and commitments and estimates on a forecast for the remainder of the financial year. The current economic position and inflation continues to expose council services and the financial position to additional risk of volatility in some areas.

Main Considerations for the Council

Revenue Budget

8. Since the quarter 2 report the Council has continued to manage its overall financial position effectively however the forecast overspend has now increased by £1.282m to £5.037m as at quarter 3. Table 1 below shows the movement in variance from quarter 2 to quarter 3.

Table 1 – Movement in Forecast from Quarter 2 to Quarter 3

	Revised Budget	*Forecast Q3*	*Variance Q3*	*Variance Q2*	*Movement since Q2*
	£m	*£m*	*£m*	*£m*	*£m*
Corporate Director People					
Living and Ageing Well	71.597	73.680	2.083	1.240	0.843
Whole Life Pathway	81.130	83.875	2.745	2.071	0.674
Education & Skills	23.423	24.604	1.181	0.976	0.205
Family & Children Services	60.776	62.915	2.139	0.173	1.966
TOTAL PEOPLE	***236.926***	***245.074***	***8.148***	***4.460***	***3.688***
Corporate Director Resources					
Finance	2.727	3.669	0.942	0.854	0.088
Assets & Commercial Development	15.489	15.834	0.345	0.923	(0.578)
Information Services	11.467	11.263	(0.204)	(0.237)	0.033
Procurement & Commissioning	4.837	4.983	0.146	0.385	(0.239)
TOTAL RESOURCES	***34.520***	***35.749***	***1.229***	***1.925***	***(0.696)***
Corporate Director Place					
Highways & Transport	37.701	37.150	(0.551)	(0.439)	(0.112)
Economy & Regeneration	2.255	2.110	(0.145)	(0.056)	(0.089)
Planning	1.167	2.927	1.760	1.631	0.129
Environment	44.628	42.935	(1.693)	(0.627)	(1.066)
Leisure Culture & Communities	6.218	6.318	0.100	0.300	(0.200)
TOTAL PLACE	***91.969***	***91.440***	***(0.529)***	***0.809***	***(1.338)***
Chief Executive Directorates					
Public Health	1.414	0.885	(0.529)	(0.355)	(0.174)
Legal & Governance	9.456	9.456	-	(0.029)	0.029
HR&OD	3.337	3.143	(0.194)	(0.181)	(0.013)
Transformation & Business Change	0.392	0.087	(0.305)	(0.121)	(0.184)
Corporate Directors & Members	3.212	3.411	0.199	0.199	0.000
Commercial Savings	-	-	-	-	-
TOTAL CEX DIRECTORATES	***17.811***	***16.982***	***(0.829)***	***(0.487)***	***(0.342)***
Corporate					
Movement on Reserves	(1.138)	2.192	3.330	-	3.330
Capital Financing	27.821	21.895	(5.926)	(2.596)	(3.330)
Corporate Costs	3.919	3.993	0.074	0.104	(0.030)
Corporate Levies	5.875	5.415	(0.460)	(0.460)	(0.000)
TOTAL CORPORATE	***36.477***	***33.495***	***(2.982)***	***(2.952)***	***(0.030)***
TOTAL GENERAL FUND	**417.703**	**422.740**	**5.037**	**3.755**	**1.282**

9. The following elements of this report reflect the management responsibility in line with the current management hierarchy. The breakdown of the projected year end position is set out in table 2 below.

Table 2 – Forecast as at Quarter 3 2022/23 Summary Position

Overview of Quarter 3 Monitoring

	Original Budget A *£m*	*Revised Budget* B *£m*	*Forecast Q3 before Management & Other Actions* C *£m*	*Variance Q3 before Management & Other Actions* D (C-B) *£m*	*Management & Other Actions* E *£m*	*Forecast* F (C+E) *£m*	*Variance* G (F-B) *£m*
Corporate Director People							
Living and Ageing Well	72.096	71.597	74.886	3.289	(1.206)	73.680	2.083
Whole Life Pathway	78.003	81.130	84.570	3.440	(0.695)	83.875	2.745
Education & Skills	22.728	23.423	24.956	1.533	(0.352)	24.604	1.181
Family & Children Services	62.175	60.776	64.176	3.400	(1.261)	62.915	2.139
TOTAL PEOPLE	***235.002***	***236.926***	***248.588***	***11.662***	***(3.514)***	***245.074***	***8.148***
Corporate Director Resources							
Finance	3.895	2.727	4.041	1.314	(0.372)	3.669	0.942
Assets & Commercial Development	16.261	15.489	16.025	0.536	(0.191)	15.834	0.345
Information Services	11.595	11.467	12.064	0.597	(0.801)	11.263	(0.204)
Procurement & Commissioning	5.310	4.837	5.164	0.327	(0.181)	4.983	0.146
TOTAL RESOURCES	***37.061***	***34.520***	***37.294***	***2.774***	***(1.545)***	***35.749***	***1.229***
Corporate Director Place							
Highways & Transport	37.761	37.701	39.591	1.890	(2.441)	37.150	(0.551)
Economy & Regeneration	2.491	2.255	2.438	0.183	(0.328)	2.110	(0.145)
Planning	1.670	1.167	3.261	2.094	(0.334)	2.927	1.760
Environment	43.215	44.628	44.264	(0.364)	(1.329)	42.935	(1.693)
Leisure Culture & Communities	7.474	6.218	6.929	0.711	(0.611)	6.318	0.100
TOTAL PLACE	***92.611***	***91.969***	***96.483***	***4.514***	***(5.043)***	***91.440***	***(0.529)***
Chief Executive Directorates							
Public Health	1.597	1.414	0.905	(0.509)	(0.020)	0.885	(0.529)
Legal & Governance	7.482	9.456	9.760	0.304	(0.304)	9.456	-
HR&OD	5.468	3.337	3.329	(0.008)	(0.186)	3.143	(0.194)
Transformation & Business Change	-	0.392	0.135	(0.257)	(0.048)	0.087	(0.305)
Corporate Directors & Members	3.041	3.212	3.411	0.199	-	3.411	0.199
TOTAL CEX DIRECTORATES	***17.588***	***17.811***	***17.540***	***(0.271)***	***(0.558)***	***16.982***	***(0.829)***
Corporate							
Movement on Reserves	(1.138)	(1.138)	2.192	3.330	-	2.192	3.330
Capital Financing	26.841	27.821	21.895	(5.926)	-	21.895	(5.926)
Corporate Costs	3.113	3.919	3.993	0.074	-	3.993	0.074
Corporate Levies	6.625	5.875	5.415	(0.460)	-	5.415	(0.460)
TOTAL CORPORATE	***35.441***	***36.477***	***33.495***	***(2.982)***	***-***	***33.495***	***(2.982)***
TOTAL GENERAL FUND	**417.703**	**417.703**	**433.400**	**15.697**	**(10.660)**	**422.740**	**5.037**
Funding							
General Government Grants	(49.261)	(49.261)	(49.261)	-	-	(49.261)	-
Council Tax	(309.942)	(309.942)	(309.942)	-	-	(309.942)	-
Business Rates Retention Scheme	(58.500)	(58.500)	(58.500)	-	-	(58.500)	-
TOTAL FUNDING	***(417.703)***	***(417.703)***	***(417.703)***	***-***	***-***	***(417.703)***	***-***
TOTAL VARIANCE	**(0.000)**	**-**	**15.697**	**15.697**	**(10.660)**	**5.037**	**5.037**

10. Overall, the quarter 3 report identifies a potential year end forecast underlying overspend of £15.697m and a net overspend of £5.037m. This is the third report of the year 2022/23 and shows a worsened forecast financial position and details of the significant variances within service areas are included below. There are some variances that affect all service areas, and an explanation is given below for these.

11. As part of setting the budget in February 2022 the Pay award was budgeted for at 2%. The forecast is now updated based on the national employers' award of a fixed increase of £1,925 for every pay point. Any pressure that is not containable within the service budgets is referred to as the Pay award pressure. Due to the on-going recruitment difficulties faced in some services areas, this

pressure is mitigated by vacancies continuing to be held longer than anticipated.

12. The 2022/23 budget also included a saving of £2.458m that was budgeted to be delivered from changes to Terms and Conditions. £1.709m of this has been achieved following the agreement of all 3 unions to freeze increments for 2 years, and changes to the over-time policy. However, changes to the unsocial hours, standby and callout policies totalling £0.749 remain under negotiation and are unlikely to deliver the full forecasted savings this year. These savings have been allocated out to services and are reported below and are referred to as the Terms and Conditions pressure. The £0.749m pressure as a result of the non-delivery of these savings has been built into the budget for 2023/24 as a pressure.

CORPORATE DIRECTOR - PEOPLE

Table 3 – Forecast as at Quarter 3 2022/23 Corporate Director People Position

		Original Budget	*Revised Budget*	*Forecast Q3 before Management & Other Actions*	*Variance Q3 before Management & Other Actions*	*Management & Other Actions*	*Forecast*	*Variance*
		A *£m*	B *£m*	C *£m*	D (C-B) *£m*	E *£m*	F (C+E) *£m*	G (F-B) *£m*
Corporate Director People								
Living and Ageing Well	Gross	109.301	103.732	106.888	3.156	(1.206)	105.682	1.950
	Income	(37.205)	(32.135)	(32.002)	0.133	-	(32.002)	0.133
	Net Exp	***72.096***	***71.597***	***74.886***	***3.289***	***(1.206)***	***73.680***	***2.083***
Whole Life Pathway	Gross	88.080	128.554	142.030	13.476	(0.695)	141.335	12.781
	Income	(10.077)	(47.424)	(57.460)	(10.036)	-	(57.460)	(10.036)
	Net Exp	***78.003***	***81.130***	***84.570***	***3.440***	***(0.695)***	***83.875***	***2.745***
Education & Skills	Gross	132.942	139.547	141.210	1.663	(0.352)	140.858	1.311
	Income	(110.214)	(116.124)	(116.254)	(0.130)		(116.254)	(0.130)
	Net Exp	***22.728***	***23.423***	***24.956***	***1.533***	***(0.352)***	***24.604***	***1.181***
Families & Children Services	Gross	67.546	66.292	69.809	3.517	(1.261)	68.548	2.256
	Income	(5.371)	(5.516)	(5.633)	(0.117)		(5.633)	(0.117)
	Net Exp	***62.175***	***60.776***	***64.176***	***3.400***	***(1.261)***	***62.915***	***2.139***
TOTAL PEOPLE	***Gross***	***397.869***	***438.125***	***459.937***	***21.812***	***(3.514)***	***456.423***	***18.298***
	Income	**(162.867)**	**(201.199)**	**(211.349)**	**(10.150)**	**-**	**(211.349)**	**(10.150)**
	Net Exp	***235.002***	***236.926***	***248.588***	***11.662***	***(3.514)***	***245.074***	***8.148***

Living and Ageing Well: Budget £71.597m – £2.083m overspend

13. Living and Ageing Well are projecting a £2.083m net overspend. This includes £0.310m of unachievable savings, £0.200m for spot to block placement conversions for older people and terms and conditions savings of £0.110m. The service will continue to look at how these may be achieved through other means.

14. The underlying overspend is £3.290m. This overspend is due to a number of factors, the additional inflationary pressures seen by the service across the care market due to cost of living increases and the use of agency staff by providers due to recruitment issues. Also, the pressures from the additional estimated pay award above the 2% budgeted and the Terms and Conditions pressures.

15. As the Council moves forward with making payments to care providers gross of client contributions there will be increased risk exposure to debts that were previously collected by care providers. In addition, there is some uncertainty in the overall recoverability of some debts associated with Adult Social Care and work is progressing through elements of the Adults Transformation Programme to review and assess the debts and also the control processes to ensure we mitigate the risks as far as possible. Therefore, a debt risk factor of £3.250m has been included within the forecasts as a prudent approach while the debts and processes are reviewed, and validation of the financial position assessed.

16. The overspend is in part offset by an underspend position in the budget for the expected hospital discharge pressures on business as usual post covid and its associated funding. However, this isn't anticipated to be fully utilised this year as the Better Care Fund is mitigating these pressures through non recurrent funding.

17. The Reablement budget is projecting a net underspend of £0.350m. The reablement service continues to have recruitment difficulties, therefore the ongoing need to use locums required to cover long standing vacancies. The service needs to continue using locums to maintain safe levels of qualified staff. However, it is now also proving difficult to recruit locums, hence the projected underspend position.

18. The housing budget is underspent by £0.083m as a result of staffing underspends due to recruitment difficulties. This position assumes a draw of £0.075m from the Flexible Housing Support Grant reserve.

19. These underspends along with Management action has reduced the underlying overspend by £1.206m to the net overspend position reported above.

Whole Life Pathway: Budget £81.130m – £2.745m overspend

20. Overall, the Whole Life Pathway Budget is projecting a £2.745m overspend. This overspend includes £1.477m of unachievable savings for the improved use of Care Cubed of £0.500m, the Good Lives Alliance contract of £0.115m, spot to block placement conversion – working age £0.244m and Under 65 high cost placement action plan £0.500m and terms and conditions savings of £0.118m. Commissioning and the service, will continue to look at how these may be achieved through other means.

21. The underlying overspend is £3.450m due to the additional inflationary pressures seen by the service such as inflationary pressures across the care market due to cost of living increases and use of agency staff by providers due to recruitment issues. In addition, the service is facing pressures from the additional estimated pay award above the 2% budgeted and the Terms and Conditions pressures. Management action has reduced this pressure by £0.695m to the net overspend position reported above.

22. The Learning Disabilities and Autism Service (LDAS) budget is forecasting a £3.641m overspend. £1.359m of this is due unachievable savings as detailed above. The customers that are being referred to the service are increasing in

complexity with a notable increase in the people who have autism and mental health needs which adds to the budgetary pressures. There has been an increase in the costs of packages over the last quarter due to pressures across the care market due to cost of living increases. This is in part offset in part by an increase to CHC income.

23. The Community Support budget is projecting a £0.154m underspend. This is as a result of additional Continuing Health Care income to that budgeted and a number of staff vacancies. Also included within this budget are the costs of support to refugees, this includes the Homes for Ukraine funding from the DLUHC which is now estimated to be £12.060m to support local authorities to provide wrap-around support to individuals and families to rebuild their lives and fully integrate into communities. Any unspent funding at outturn will be requested to be set aside at the end of the year as it will be required in 2023/24 to continue this programme and to support housing and costs of staffing across the council to support this scheme.

24. The Mental Health budget is forecasting a £0.971m underspend. The service is forecasting income in excess of that budgeted predominantly due to contributions from the ICB (Integrated Care Board) towards care costs of S117 jointly funded clients. This is in part offset by the inflationary pressures across the care market due to cost of living increases and use of agency staff by providers due to recruitment issues.

Families & Children Services: Budget £60.776m – £2.139m overspend

25. This service protects, cares for and supports vulnerable children and families with the greatest needs, including children in care, disabled children, and those at risk of harm. There has been an increase of £1.96m since the quarter two report and this is explained by a slight prolonged use of agency staff but mainly by the numbers of children in care which were 427 at quarter 2 but have risen to 464 in December. Rather than being driven by new children coming into care, the increase relates to children not leaving care and an increase in average weekly cost seen in placements.

26. This is a demand driven service area. The caseloads of children and subsequent numbers of children in care, post pandemic, is putting pressure on staff and budgets. The budgeted number of children in care for 2022/23 financial year is 434. The actual number of children in care is 464 (December 2022) which is just within the target range of 407 - 469.

Families & Children Care Placements	Budgeted Number of Children in Care	Current Number of Children in Care	Forecast Variance
Mainstream In House Foster Carer Payment	220	246	26
Independent Fostering Agency	100	98	-2
External Residential Placements	37	36	-1
16 - 25 Support & Accommodation/ Leaving Care	40	47	7
Staying Put	37	37	0
CLA Placements & Fostering	**434**	**464**	**30**
Special Guardianship Orders	295	312	17
Residence Orders	6	4	-2
Adoption Allowances	31	20	-11
Permanence Arrangements	**332**	**336**	**4**

27. Successful early support services have significantly slowed the increase in numbers of children in care (CiC). Many other councils have seen much earlier post pandemic increases in their CiC populations where escalation of need has not been prevented. Work has included the successful stronger families' team working intensively with families to prevent children coming into care, as well as the effective support service which offers families a service at an early help level, preventing escalation into statutory services. This service commenced at the end of 2017 and was predicted to have this impact. Other mitigation programmes include the "move forward" programme, enabling children to move from costly residential care to foster care or semi-independence, and investment in the sufficiency of Wiltshire placements through 'fostering excellence', which have helped to contain demand and cost pressure for some time.

28. The forecast position is that savings achieved are offset by recent significant budgetary pressure variance which includes an above planned increase for all in house carers, special guardians and adoption allowances to better reflect current inflationary pressures. Commissioners are reporting that the marketplace is struggling to offer suitable placements to meet children's needs and as a result, small numbers of children are in higher cost placements than necessary which leads to an increase in costly residential provision being required.

29. In addition, the national social work recruitment and retention challenge is being felt in Wiltshire and there are forecasted underspends in service teams. A specific workforce strategy is in place and remains a priority. As part of this campaign, Wiltshire is committed to "growing its own" social workers so a greater number of staff on the ASYE (assessed and supported year in employment) for newly qualified social workers have been employed this year, a by-product of this approach is that these staff are at the beginning of their careers and there are economic benefits. Despite agency spend of £1.5m, there is a forecast salary and other team costs underspend across all teams of £0.035m, including the current forecast pay award assumptions and allowance for market plussages which is part of the recruitment and retention strategy.

30. The council provides placements for unaccompanied asylum-seeking children, current numbers of these young people being under 18 years of age are 41. We have 76 unaccompanied asylum-seeking young people who are care leavers. Based on our quota of 0.07% of Wiltshire's population we should be taking 78 from the National Transfer Scheme (NTS) scheme so we can expect a further 65, although the timing of this is unclear at this point. This is in addition to any spontaneous arrivals. Regional arrangements may change in this and the next few financial years.

31. New Home Office guidance for unaccompanied minors travelling from Ukraine, means that they will be eligible for a private fostering service up until they are 18 (the mainstream service is up to 16). We have 2 children subject to private fostering arrangements at this time. This is in addition to the estimated 20 already anticipated from the national scheme (grant funding is available to contribute to cover costs). Support for this group will be absorbed into current teams wherever possible to do so.

32. SEN social care external placement budgets are forecasting an overspend of £0.017m due to both current and anticipated numbers of disabled children in our care and those with special educational needs and disability. Current budgeted unit cost is £737 per week across all types of placement. The overall average as at quarter 3 is £820. There are two underlying reasons for the cost pressures, some children are presenting with more complex needs as a result of the pandemic and additionally, there is pressure for placements for children in a marketplace which has been impacted by the pandemic in both unit price and availability. The demand for placements, however, is lower than anticipated including planned transitions of young people to access adult services and this is driving the forecast underspend. Overall, the increased weekly prices due to complexity of need, market sufficiency and national inflationary pressures felt by providers are no longer mitigated by lower than planned numbers of children's placements or higher staff vacancy rates.

33. A number of small other variances comprise the balance of the forecast overspend.

Education & Skills (School Effectiveness, SEN & Inclusion): Budget £23.423m – £1.181m overspend

34. The services in this area fulfil numerous statutory duties with a mixture of local authority and dedicated schools grant (DSG) funding. The majority of the local authority funded services are forecast to largely be aligned with budget – the forecast underspend in service teams of (£0.217m) includes the current additional pay inflation estimate but relates part year vacant posts across the service. Some of these posts have been held vacant to offset reduced trading income. These vacancies are helping to mitigate the increased pay inflation pressure for 2022/23 financial year. In addition, forecast spend on schools premature retirement costs are £0.139m lower than planned.

35. Where eligible, 5-16-year-old school children with an Education, Health and Care Plan (EHCP) can take up free school transport. The forecast expenditure for school transport for learners with an education health and care plan (EHCP) is £1.500m overspent. This overspend includes travel savings achieved of

£0.150m following re-contracting and 1,603 learners accessing transport at an average annual cost of £9,089.

36. A specific SEN commissioning reserve was set up in the 2021/22 financial year to facilitate exploring what a good quality pilot contract to support the voice of children & young people with SEND would look like. The SEND Youth Voice Pioneer Programme is being commissioned and a drawdown of £0.015m is requested in this financial year and subsequently, £0.045m in 2023/24 financial year to fund the pilot.

37. A number of small other variances including lower than planned traded income levels and additional grants secured comprise the balance of the forecast overspend.

CORPORATE DIRECTOR – RESOURCES

Table 4 - Forecast as at Quarter 3 2022/23 Corporate Director Resources Position

		Original Budget	*Revised Budget*	*Forecast Q3 before Management & Other Actions*	*Variance Q3 before Management & Other Actions*	*Management & Other Actions*	*Forecast*	*Variance*
		A *£m*	*B* *£m*	*C* *£m*	*D (C-B)* *£m*	*E* *£m*	*F (C+E)* *£m*	*G (F-B)* *£m*
Corporate Director Resources								
Finance	Gross	82.469	80.148	81.500	1.352	(0.372)	81.128	0.980
	Income	(78.574)	(77.421)	(77.459)	(0.038)		(77.459)	(0.038)
	Net Exp	***3.895***	***2.727***	***4.041***	***1.314***	***(0.372)***	***3.669***	***0.942***
Assets & Commercial Development	Gross	33.117	32.035	33.122	1.087	(0.051)	33.071	1.036
	Income	(16.856)	(16.546)	(17.097)	(0.551)	(0.140)	(17.237)	(0.691)
	Net Exp	***16.261***	***15.489***	***16.025***	***0.536***	***(0.191)***	***15.834***	***0.345***
Information Services	Gross	12.016	11.888	12.418	0.530	(0.801)	11.617	(0.271)
	Income	(0.421)	(0.421)	(0.354)	0.067		(0.354)	0.067
	Net Exp	***11.595***	***11.467***	***12.064***	***0.597***	***(0.801)***	***11.263***	***(0.204)***
Procurement & Commissioning	Gross	17.069	6.756	7.083	0.327	(0.181)	6.902	0.146
	Income	(11.759)	(1.919)	(1.919)	-		(1.919)	-
	Net Exp	***5.310***	***4.837***	***5.164***	***0.327***	***(0.181)***	***4.983***	***0.146***
TOTAL RESOURCES	***Gross***	***144.671***	***130.827***	***134.123***	***3.296***	***(1.405)***	***132.718***	***1.891***
	Income	**(107.610)**	**(96.307)**	**(96.829)**	**(0.522)**	**(0.140)**	**(96.969)**	**(0.662)**
	Net Exp	***37.061***	***34.520***	***37.294***	***2.774***	***(1.545)***	***35.749***	***1.229***

Finance: Budget £2.727m – £0.942m overspend

38. Overall, the Finance forecast has deteriorated by £0.088m from the variance reported in Quarter two. Finance is forecasting a variance of £1.314m before management action. This is due to pressure on the pay award of £0.287m and a pressure of £0.970m on Benefit Subsidy as a result of people being placed in supported living accommodation with non-registered providers. The Council is only able to claim the rent element from Government and has to cover the cost of support. Supported Living is used to support vulnerable people, including those with Drug and Alcohol addictions and help them transition back into the community.

39. The Revenues and Benefits Team is forecasting a reduction in income from Court Fees recovered of £0.203m. The award of the Council Tax Rebate for

households in council tax bands A to D has meant that fewer people have fallen into arrears on their Council Tax payments and debts are now much smaller which has in turn led to fewer court summonses.

40. These pressures are being offset by maximising the allocation of grant income in relation to Energy Rebate administration. A grant of £0.198m was received from Government for administering the scheme and the service have managed the delivery of this scheme effectively. Vacancies are being held and are forecast to continue to be held across the service and income maximised to further reduce the variance to a overspend of £0.942m.

Assets & Commercial Development: Budget £15.489m – £0.345m overspend

41. Assets & Commercial Development are reporting a £0.345m overspend, this has reduced by £0.578m from quarter two.

42. As seen nationally, energy prices have significantly increased. The budget was set with a forecast increase of 35% for electricity and 60% for gas for commodity prices. However actual increases have far exceeded those original forecasts, in part due to non-commodity prices which could not be hedged and were unknown at budget setting. The forecast for quarter 3 is an overspend on gas £0.075m and Biomass fuel £0.098m. Electricity is now forecast to be online, this is an improvement of £0.250m from quarter two and is due to a mild autumn reducing consumption.

43. Maintenance contracts are overspent by £0.700m due to inflation on services and materials, there has been a small improvement in the forecast of £0.050m from quarter two.

44. The pay award pressure continues to be managed by holding vacancies and capitalising where appropriate, the quarter three forecast has improved by £0.148m to report a small pressure of £0.027m.

45. Community Housing Grant of £0.140m is being drawn down in quarter three to further reduce the overspend to cover the cost of housing work that has been undertaken.

ICT: Budget £11.467m – £0.204m underspend

46. ICT are reporting an overspend of £0.597m before management action, £0.248m forecast for revised Pay award assumptions, £0.104m for Terms & Conditions pressure, £0.178m for inflation pressure on Microsoft Enterprise & Select Agreement at 12.5% and forecast reduced Income of £0.067m.

47. Management action has been taken to reduce this to a net underspend of £0.204m. The support contract with Microsoft and Azure were reviewed and restructured to manage the inflation pressure, the Microsoft Enterprise Agreement has been renewed during quarter 2 and overall, these items now deliver a net saving of £0.207m for 2022/23.

48. Further savings have been achieved on the corporate Network and applicatons totalling £0.346m, these will be one off and recurring savings and are being used to offset other pressures on infrastructure support contracts and hardware. BT invoices have been reviewed and challenged and refunds and ongoing reductions agreed where we have been charged incorrectly and tariffs have been changed to ensure we have the best deals.

49. Through a combination of holding vacancies and difficulty recruiting the pay award pressure, including T&C's is forecast to be reduced down to £0.104m, a saving of £0.248m.

50. An ongoing risk for the service is inflation on software licences and hardware maintenance support contracts as they come up for renewal, this will need to be reviewed and managed as it arises but is a risk given the level inflation is running at.

Procurement & Commissioning: Budget £4.837m – £0.146m overspend

51. Procurement & Commissioning are reporting an overspend of £0.146m this is an improvement of £0.239m from quarter two, vacancies are now forecast to be held to the end of the financial year and grant funding is being maximised in order to reduce the pay award pressure.

CORPORATE DIRECTOR – PLACE

Table 5 - Forecast as at Quarter 3 2022/23 Corporate Director Place Position

		Original Budget A £m	*Revised Budget* B £m	*Forecast Q3 before Management & Other Actions* C £m	*Variance Q3 before Management & Other Actions* D (C-B) £m	*Management & Other Actions* E £m	*Forecast* F (C+E) £m	*Variance* G (F-B) £m
Corporate Director Place								
Highways & Transport	Gross	51.086	51.075	54.180	3.105	(1.624)	52.556	1.481
	Income	(13.325)	(13.374)	(14.589)	(1.215)	(0.817)	(15.406)	(2.032)
	Net Exp	***37.761***	***37.701***	***39.591***	***1.890***	***(2.441)***	***37.150***	***(0.551)***
Economy & Regeneration	Gross	4.000	3.600	3.660	0.060	(0.328)	3.332	(0.268)
	Income	(1.509)	(1.345)	(1.222)	0.123		(1.222)	0.123
	Net Exp	***2.491***	***2.255***	***2.438***	***0.183***	***(0.328)***	***2.110***	***(0.145)***
Planning	Gross	8.450	7.947	9.187	1.240	(0.334)	8.853	0.906
	Income	(6.780)	(6.780)	(5.926)	0.854		(5.926)	0.854
	Net Exp	***1.670***	***1.167***	***3.261***	***2.094***	***(0.334)***	***2.927***	***1.760***
Environment	Gross	52.633	53.377	54.989	1.612	(1.329)	53.660	0.283
	Income	(9.418)	(8.749)	(10.725)	(1.976)		(10.725)	(1.976)
	Net Exp	***43.215***	***44.628***	***44.264***	***(0.364)***	***(1.329)***	***42.935***	***(1.693)***
Leisure Culture & Communities	Gross	15.000	20.030	21.387	1.357	(0.611)	20.776	0.746
	Income	(7.526)	(13.812)	(14.458)	(0.646)		(14.458)	(0.646)
	Net Exp	***7.474***	***6.218***	***6.929***	***0.711***	***(0.611)***	***6.318***	***0.100***
TOTAL PLACE	***Gross***	***131.169***	***136.029***	***143.403***	***7.374***	***(4.226)***	***139.177***	***3.148***
	Income	**(38.558)**	**(44.060)**	**(46.920)**	**(2.860)**	**(0.817)**	**(47.737)**	**(3.677)**
	Net Exp	***92.611***	***91.969***	***96.483***	***4.514***	***(5.043)***	***91.440***	***(0.529)***

52. As shown above the £44.060m of Place & Environment revised budget is derived from income, the table below breaks this down further by department.

Table 6 – Place Income Budgets by Department

Service	Department	Fees & Charges, Other Income	Grants, Contributions, Recharges	Total Income Budgets
Highways & Environment	Highways	-3.556	-0.016	-3.572
	Car Parking	-8.257	0.000	-8.257
	Passenger Transport	-0.421	-1.124	-1.545
		-12.234	**-1.140**	**-13.374**
Economy & Regeneration	Enterprise Network	-1.244	0.000	-1.244
	Major Projects	-0.023	0.000	-0.023
	Economic Regeneration	0.000	-0.078	-0.078
		-1.267	**-0.078**	**-1.345**
Planning	Building Control	-1.156	0.000	-1.156
	Development Management	-4.540	0.000	-4.540
	Local Land Charges	-1.034	0.000	-1.034
	Spatial Planning	0.000	-0.050	-0.050
		-6.730	**-0.050**	**-6.780**
Environment	Public Protection	-0.924	-0.032	-0.956
	Natural & Historic Environm	-0.053	-0.017	-0.070
	Waste	-7.720	-0.003	-7.723
		-8.697	**-0.052**	**-8.749**
Leisure Culture & Communities	Leisure	-12.809	-0.338	-13.147
	Libraries & Heritage	-0.432	-0.233	-0.665
		-13.241	**-0.571**	**-13.812**
TOTAL PLACE		**-42.169**	**-1.891**	**-44.060**

53. Fees & Charges income is difficult to forecast as it is influenced by so many different factors outside of the Council's control and can fluctuate. For Qtr 3 largely forecasts are based on Budget or in line with 2021/22 outturn unless the actual position over the first half of the year was significantly over or under profile and there was evidence to suggests it will not stabilise, further detail is included below for these areas.

Highways & Transport: Budget £37.701m – £0.551m underspend

54. The Highways and Transport service is managing significant inflation pressures with an average 6% (excluding fuel inflation pressure) higher increases on contracts than budgeted for as part of the 2022/23 budget. The quarter 3 net position has improved by £0.112m from that reported in quarter 2, largely due to further contract savings on the Streetscene contract due to mobilisation of the new contract and suspension of work and reduced staffing costs from holding vacancies and capitalising where appropriate.

55. The position before management action is a net £1.890m overspend. The pressure can be broken down as £0.567m pressure from Highways contract inflation, £0.468m pay award pressure, £1.477m Passenger Transport inflation pressure (including fuel pressure) as well as support and retendered prices for Bus Network, £0.182m pressure on car parking income and savings targets no longer assessed as being deliverable of £0.100m. Offsetting these pressures are forecast £0.546m additional Streetworks income and £0.358m other income.

56. These pressures are being offset by a range of one off management measures, £0.340m staff savings from holding vacancies and maximising capitalisation, £0.645m reduction in contract spend and supplies, £0.640m drawdown from ear marked reserves and £0.817m use of grant and developer contributions.

57. Car parking saving proposals have all been implemented with increased tariffs actioned at the end of quarter 2. Overall there is a forecast underachievement of income at quarter three of £0.182m, however this is an improved position since quarter two..

58. Streetworks income has been forecast slightly lower for quarter 2 based on the actuals received in the first two quarters and is now showing an overachievement of income of £0.546m. This income is difficult to forecast as it depends on the amount of work undertaken on the highway by utilities, developers and contractors. The MTFS for 2023/24 was increased in line with 2021/22 outturn position to reflect the improved position. The other income variance of £0.358m relates to a range of fees and charges across the service, the majority of which are deemed to be one off in nature or volatile so have not been built into the MTFS, for example £0.171m relates to a developer payment for the hire of street lighting.

59. Highways contract inflation is running on average at 13%, as part of budget setting the average % inflation uplift applied was 6% for Highways and Transport which is generating significant pressure for the service. Inflationary increases are agreed on individual contracts and applied when due. This has been managed in part by a reduction in service largely as contractors are still experiencing issues as a result of COVID so are actually unable to deliver some services at budgeted level, issues include a shortage of drivers and resources, this is in part down to a buoyant construction sector attracting skilled operatives and difficulty with procuring equipment and machinery. In addition, further savings have been forecast in quarter 3 on the Streetscene contract as work has been suspended and as we go through contract mobilisation, with the new contract due to start in February 2023. The service is working with contractors to deliver to 2022/23 budget, prioritising essential and critical works and working to the contractors' capacity; overall, there will be a reduction in the level of services provided for 2022/23.

60. Passenger Transport contracts are also presenting with significant inflation pressure, this is compounded by the super inflation seen on fuel at circa 30% and falling patronage. In order to keep services running and prevent bus service sections being deregistered, the Council has had to step in and provide support where routes have become commercially unviable. An inflation increase, directly linked to fuel is also being provided to contractors to help ease the immediate pressure and ensure services are not handed back. In addition pressures have been included to reflect the significant price increases for retendered contracts in year. These pressures are currently forecast to be £1.477m above base budget for 2022/23; however, as this position was forecast at the end of 2021/22 financial year grant and a reserve was set aside in order to provide one off assistance in 2022/23. Therefore, the service will be drawing this pressure from reserves and maximising grant and S106 contributions for 2022/23 to come in on budget.

61. The £0.100m undeliverable saving is in relation to the savings proposal to charge for advertising on Bus Shelters. This proposal has now been linked to the Bus Service Improvement Plan (BSIP) and so will be delayed until 2023/24. Mitigating one off savings below are being used to offset this pressure until it is delivered.

62. The pay award pressure of £0.468m is being managed by holding vacant posts and capitalising where appropriate and has been reduced to an overspend of £0.128m.

63. Enhanced services for Gully emptying, Fly tipping and Parish Stewards have been undertaken in 2022/23 and will be funded from a draw down at the end of the financial year from the Business Plan Priority reserve.

64. Overall the variance has been managed down to an underspend position of £0.551m.

Economy & Regeneration: Budget £2.255m – £0.145m underspend

65. Economy & Regeneration are forecasting an underlying full year variance of £0.183m overspend, this is due to the Pay award pressure and changes in capitalisation of salaries. Management action continues, to reduce this overspend variance to a forecast underspend of £0.145m, this is an improvement of £0.089m from quarter two and has been achieved by holding vacancies.

66. Wiltshire Towns recovery budget of £1m is forecast to be on budget, though it is noted that £0.800m of that expenditure is small grant awards to external agencies and this may therefore be subject to variance. Grant award periods will run from October-March and will be monitored. Wiltshire Towns Programme also has an ear-marked reserve, current forecasts are that the reserve will not be required to be drawn down in 2022/23 as recruiting to vacant posts for the programme is proving to be challenging.

Planning: Budget £1.167m – £1.760m overspend

67. As part of budget setting for 2022/23 Development Management Income budgets for fees and charges were increased back to pre-COVID-19 levels. Building Control and Local Land Charges were increased to 98% of pre-COVID-19 levels. The Fees & Charges Income budgets total £6.730m.

68. As at Quarter 3 Development Management Income is forecast to underachieve by £0.644m, based on the actuals to date which continue to be under profile and is reviewed continually by the head service.

69. Building Control and Local Land Charges is forecast to underachieve Income budgets by £0.260m, and reflects actuals received to date.

70. The service is forecasting a net £0.408m overspend on salaries. This is due in part to the Pay award being higher than originally estimated and to Development Management having to use Agency staff due to difficulties recruiting and retaining experienced staff. This issue has been compounded as lack of resources and increased activity at the end of 2021/22 has led to a backlog which is now requiring additional Agency staff to reduce. The marketplace has become extremely competitive, and this issue is being seen nationally across the industry, the service is working with HR to try to agree a long term strategy for staff recruitment and retention. Vacancies are being held where possible in Building Control and Land Charges to help mitigate the situation.

71. In addition, an overspend on appeals and Legal costs (agency workers and counsel advice) is also forecast of £0.590m. This continues to be a risk area for the service.

Environment: Budget £44.628m – £1.693m underspend

72. Environment services is forecasting a Net £1.693m underspend, this is an improved position from quarter 2 and is due to increased income (primarily from recyclable materials through the Lot 1 waste management contract) and less waste tonnages/different treatment streams than forecast. As previously advised included within this are significant variances on Gross and Income budgets.

73. The increasing inflation rate has a significant impact on the Waste Contracts, the service is currently forecasting a £1.448m pressure for contract inflation with CPI rates at 10.1% for July 2022 when the majority of inflation is contractually due to be applied. It should be noted that for most of the waste contracts, the indexation is not an automatic uplift but subject to the contractor evidencing their increased costs, and any claim capped at CPI. A saving of £1.299m is being achieved as a result of less tonnages and different waste stream treatments.

74. The remaining pressure is being offset by a forecast overachievement on Income of £1.976m. As reported in 2021/22 outturn position the service saw a significant increase across recycling materials sales, this is forecast to continue and is supported by the actuals seen in the first three quarters of 2022/23. Recycling material income is notoriously volatile and has been particularly influenced through changing economic climate. However, industry intelligence is that, whilst prices have peaked and will likely come down for some materials during 2022/23, prices are not expected to fall to the levels experienced in 2020/21. This will need to be closely monitored and is a risk area for the service. The forecast increased Income has been factored into the updated 2023/24 MTFS.

75. The Saving proposal for £0.100m to introduce a charge at Household Recycling Centres for the disposal of non-household Waste has been put on hold in response to the Government public consultation on proposals to prevent councils from applying charges for "DIY waste" at Household Recycling Centres. The closing date for consultation responses was the 4 July 2022, an outcome is not yet known.

76. The table below shows the forecast tonnages and rates for the significant Waste contracts against the budgeted position, these are the main cost drivers for the Waste service.

	Tonnes				£/Tonne *				Budget Forecast
Service:	Budget setting F'cast (T)	Current Yr End F'cast (T)	Var (T)	Var (%)	£/Tonne (Budget Setting)	£/Tonne (Forecast)	Var (£)	Var (%)	Variance Due to Price/Tonnes £'m
Provision and operation of Waste Transfer Stations (WTS), a Materials Recovery Facility (MRF) and two Household Recycling Centres (HRCs)	86,300	75,525	-10,775	-12.5%	£ 63.20	£ 69.00	£5.80	9.2%	-0.243
Composting services	39,200	35,022	-4,178	-10.7%	£ 34.80	£ 36.35	£1.55	4.4%	-0.212
Treatment & disposal of residual waste (inc street sweepings)	23,000	18,442	-4,558	-19.8%	£ 34.37	£ 42.20	£7.83	22.8%	0.009
Tax payable on all waste sent to landfill	35,800	31,485	-4,315	-12.1%	£ 98.60	£ 98.60	£0.00	0.0%	-0.430
Energy from waste landfill diversion contract.	50,000	50,000	-0	0.0%	£ 132.25	£ 125.35	-£6.89	-5.2%	-0.345
Mechanical biological treatment (MBT) Landfill diversion contract.	60,000	56,887	-3,113	-5.2%	£ 151.78	£ 167.33	£15.55	10.2%	0.428
					* £/T excludes income				

77. Environment Services is currently forecasting an overspend on pay budgets of £0.100m. This will be continually monitored, and any new vacancies will be assessed and held where possible.

Leisure Culture & Communities: Budget £6.218m – £0.100m overspend

78. Leisure Culture & Communities is reporting a net variance before management action of £0.711m, there are three main pressures driving this position. The Pay award pressure of £1.095m, this includes assumptions around pay harmonisation, £0.232m Terms and Conditions pressure and inflation pressure of £0.031m on supplies contract, Chemicals seeing a 90% increase from September 2022. This is being offset by a forecast overachievement of income of £0.646m which is based on the performance seen in the first three quarters.

79. The service has taken action to manage this pressure by holding vacancies, the saving for this has increased since quarter 2 as the service have had difficulties recruiting so is forecasting a saving of £0.331m. There is also a significant saving on supplies & services from bulk buying supplies to lock in lower prices and focusing on essential spend of £0.260m. This has reduced the variance to a Net position of £0.100m.

80. Leisure Operations Income is currently forecast to overachieve the budget which was set at 80% of pre COVID-19 levels. The forecast is based on the performance in the first three quarters continuing. At present the service have not seen any decline in membership or income, but this is a risk with the current cost of living pressure and competition.

81. Savings targets are on track overall, mitigating one off savings from holding vacancies across the service have been actioned while longer term sustainable restructures have taken place to deliver permanent savings.

CHIEF EXECUTIVE DIRECTORATES

82. Table 7 - Forecast as at Quarter 3 2022/23 Chief Executive Directorates Position

		Original Budget A £m	Revised Budget B £m	Forecast Q3 before Management & Other Actions C £m	Variance Q3 before Management & Other Actions D (C-B) £m	Management & Other Actions E £m	Forecast F (C+E) £m	Variance G (F-B) £m
Chief Executive Directorates								
Public Health	Gross	18.220	22.068	21.559	(0.509)	(0.020)	21.539	(0.529)
	Income	(16.623)	(20.654)	(20.654)	-		(20.654)	-
	Net Exp	***1.597***	***1.414***	***0.905***	***(0.509)***	***(0.020)***	***0.885***	***(0.529)***
Legal & Governance	Gross	10.080	12.043	12.456	0.413	(0.304)	12.152	0.109
	Income	(2.598)	(2.587)	(2.696)	(0.109)		(2.696)	(0.109)
	Net Exp	***7.482***	***9.456***	***9.760***	***0.304***	***(0.304)***	***9.456***	***-***
HR&OD	Gross	9.290	6.382	6.378	(0.004)	(0.186)	6.192	(0.190)
	Income	(3.822)	(2.045)	(2.049)	(0.004)		(2.049)	(0.004)
	Net Exp	***5.468***	***4.337***	***4.329***	***(0.008)***	***(0.186)***	***4.143***	***(0.194)***
Transformation & Business Change	Gross	-	(0.608)	(0.865)	(0.257)	(0.048)	(0.913)	(0.305)
	Income	-	-		-		-	-
	Net Exp	***-***	***(0.608)***	***(0.865)***	***(0.257)***	***(0.048)***	***(0.913)***	***(0.305)***
Corporate Directors & Members	Gross	3.055	3.226	3.425	0.199		3.425	0.199
	Income	(0.014)	(0.014)	(0.014)	-		(0.014)	-
	Net Exp	***3.041***	***3.212***	***3.411***	***0.199***	***-***	***3.411***	***0.199***
TOTAL CEX DIRECTORATES	***Gross***	***40.645***	***43.111***	***42.953***	***(0.158)***	***(0.558)***	***42.395***	***(0.716)***
	Income	**(23.057)**	**(25.300)**	**(25.413)**	**(0.113)**	**-**	**(25.413)**	**(0.113)**
	Net Exp	***17.588***	***17.811***	***17.540***	***(0.271)***	***(0.558)***	***16.982***	***(0.829)***

Public Health: Budget £1.414m – £0.529m underspend

83. Public Health are forecasting an underspend of £0.529m on the council budget funded services. This is due to a number of small underspends across the service as part of an exercise to improve efficiencies in part offset by the additional estimated pay award and the Terms and Conditions pressure. In 2022/23 the Public Health Grant is £18.015m. This is being spent on activities such as the Public Health Nursing service, Drug and Alcohol Substance Misuse services, Sexual Health services, Domestic Abuse services for Wiltshire and a wide range of health improvement services such as health improvement coaches. Public Health have £0.062m of staff related savings in 2022/23 of which all are forecast to be achieved. There is anticipated to be an underspend of £0.464m on the grant. Any unspent grant at outturn will be moved to the Public Health reserve for use in the future.

Legal, & Governance: Budget £9.456m – balanced outturn

84. Legal and Governance are forecasting a variance before management action of £0.304m overspend. This is from the pay award pressure of £0.413m. This pressure is being offset in part by forecast additional income across the service, particularly on Registration services. Registration Income budget was increased to 98% of Pre Covid-19 levels for 2022/23, the service is seeing strong demand and has exceeded profiled budget for the first half of the year.

85. Management action has been taken to reduce the variance to a Net nil variance underspend by holding vacancies across the service where appropriate and reducing spend on professional fees and contracts. The forecast assumes some of these vacancies will be held for the rest of the financial year, this will need to be monitored to ensure the service has the capacity to deliver.

Human Resources & Organisational Development: Budget £3.337m – £0.194m underspend

86. A number of staff are redeployed to support capital programmes and transformational schemes key to the implementation of programmes of work such as EVOLVE. Where salary cost pressure has arisen from forecast pay award, which is higher than budgeted for, these have been absorbed and mitigated against by holding vacancies and wherever possible seconded posts have not been backfilled on a like for like basis.

Transformation & Business Change: Budget £0.392m – £0.305m underspend

87. This directorate brings together the systems thinking and programme office to create a transformation and business change service at the heart of supporting the delivery of the Council's business plan priorities, also Business Insights team and management of strategic programmes. The team is largely funded from flexible use of capital receipts. Where salary cost pressure has arisen from the forecast pay award, which is higher than budgeted for, these have been absorbed and mitigated by the small number of vacancies in quarter 1 which have led to a forecast net underspend on salaries across the whole service.

88. The Transformation Board has approved drawdowns from the transformation reserve totalling £3.081m over three years in order to prioritise and facilitate the Customer Experience, Business Insights and Adults Transformation programmes of work. Subsequent business cases presented and approved are SEN High Needs Recovery programme which will be used to support and reinforce the work of the DfE's Delivering Better Value programme. Cabinet is asked to approve an additional £0.087m transfer from the reserve, as agreed by the Transformation Board following the approval to transfer £0.531m at quarter one and £0.826m in quarter two.

	Transformation Reserve	**2022/23 Financial Year £m**	**Future Years £m**	**Total Scheme £m**
	Balance Brought forward	**5.355**		
Quarter 1 Approval	Families & Children Transformation (FACT)	(0.297)	(0.612)	(0.910)
Quarter 1 Approval	Customer Experience	(0.234)	(0.616)	(0.849)
Quarter 2 Approval	Business Information Team	(0.173)	0.000	(0.173)
Quarter 2 Approval	Adults Transformation	(0.653)	(0.496)	(1.149)
Quarter 2 Approval	BT Gainshare - transfer one off gain to transformation reserve	3.330	0.000	3.330
Quarter 3 Approval Request	High Needs Block (Preparation for Delivering Better Value Programme)	(0.087)	(1.534)	(1.620)
	Balance carried forward			**3.984**

Corporate Directors and Members: Budget £3.212m – £0.199m overspend

89. The overspend is due to the Pay Award pressure and non-delivery of the vacancy factor.

CORPORATE EXPENDITURE

Table 8 - Forecast as at Quarter 3 2022/23 Corporate Position

		Original Budget A £m	*Revised Budget* B £m	*Forecast Q3 before Management & Other Actions* C £m	*Variance Q3 before Management & Other Actions* D (C-B) £m	*Management & Other Actions* E	*Forecast* F (C+E)	*Variance* G (F-B) £m
Corporate								
Movement on Reserves	Gross	(1.138)	(1.138)	2.192	3.330		2.192	3.330
	Income	-	-	-	-		-	-
	Net Exp	***(1.138)***	***(1.138)***	***2.192***	***3.330***	-	***2.192***	***3.330***
Capital Financing	Gross	26.991	27.971	27.966	(0.005)		27.966	(0.005)
	Income	(0.150)	(0.150)	(6.071)	(5.921)		(6.071)	(5.921)
	Net Exp	***26.841***	***27.821***	***21.895***	***(5.926)***	-	***21.895***	***(5.926)***
Corporate Costs	Gross	3.113	4.990	5.064	0.074		5.064	0.074
	Income	-	(1.071)	(1.071)	-		(1.071)	-
	Net Exp	***3.113***	***3.919***	***3.993***	***0.074***	-	***3.993***	***0.074***
Corporate Levies	Gross	7.664	7.664	8.072	0.408		8.072	0.408
	Income	(1.039)	(1.789)	(2.657)	(0.868)		(2.657)	(0.868)
	Net Exp	***6.625***	***5.875***	***5.415***	***(0.460)***	-	***5.415***	***(0.460)***
TOTAL CORPORATE	***Gross***	***36.630***	***39.487***	***43.294***	***3.807***	-	***43.294***	***3.807***
	Income	**(1.189)**	**(3.010)**	**(9.799)**	**(6.789)**	-	**(9.799)**	**(6.789)**
	Net Exp	***35.441***	***36.477***	***33.495***	***(2.982)***	-	***33.495***	***(2.982)***

Financing & Investment Income & Expenditure: Budget £27.821m – £2.596m underspend

90. The final value of capital spend funded by borrowing figure for 2021/22 sets the Minimum Revenue Provision charge for year 2022/23. As a result of the reduction in the 2021/22 capital programme year-end financial position there is a £1.197m saving in 2022/23.

91. The Council took a treasury management decision to borrow £80m in March 2022 and based on the current cashflow forecast the council will not need to borrow again in 2022/23. As a result of this borrowing and the interest rates, interest payable is forecast to exceed budget by £1.326m. This is offset by a forecast overachievement of £2.591m on interest receivable due to the increased level of cashflow and increased interest rates, and this forecast also accounts for forecast loan interest from Stone Circle and Wiltshire College.

92. An underspend is forecast on asset disposal costs of £0.134m for quarter three based on actual activity to date and forecast to the end of the financial year.

Corporate Costs: Budget £3.919m – £0.074m overspend

93. A small overspend of £0.012m has been forecast on bank charges for 2022/23 due to the delay in achieving the full year of savings associated with obtaining PCI DSS compliance. An overspend has also been forecast on internal audit of £0.009m due to unforeseen inflationary increase and external audit fees of £0.100m due to additional work requirements to support the on going audits. This is being offset by a forecast overachievement of purchase of annual leave and National Insurance saving’s on salary sacrifice schemes of £0.020m.

Corporate Levies: Budget £5.875m – £0.460m underspend

94. An overachievement of income is forecast for renewable energy Business rates of £0.868m, and this has been reflected in the MTFS for 2023/24 as the increased level of incoming is recurring. In 2022/23 this is offsetting a pressure of £0.394m for Pension deficit lump sum payment and £0.100m on the Apprenticeship Levy and Flood Defence levy. For quarter 2 an underspend of £0.100m has also been forecast against Early Retirement pension costs.

<u>COLLECTION FUND</u>

95. The Collection Fund is the ring-fenced fund which comprises all income and expenditure for both the Council Tax and Business Rates.

96. The previous year's deficit will continue to be funded by the monies set aside in the Collection Fund Volatility reserve over the 3-year period 2021/22-2023/24 as originally planned, with the timing of the financial impact across the 3 years set out in the regulations set by government.

<u>DEDICATED SCHOOLS GRANT</u> – Total Grant £426.708m - £9.325m forecast net overspend

97. The forecast variance for dedicated schools grant (DSG) is a net £9.325m overspend. This is driven by demand from parents and schools for statutory support for vulnerable children with SEN & disability, reflected in increased numbers of education health and care plans (EHCPs.) The number of EHCPs at the end of quarter 3 2021/22 was 4,252; quarter 3 in 2022/23 is 4,740; an increase of 361 plans (8.5%.)

98. The demand pressure and overspend is aligned with the national picture for many other local authorities and Government's acknowledgement of this is reflected in the national level additional funding for the 2022/23 high needs block of £1.082bn and high needs block supplementary funding of £325m for the 2022/23 financial year. The 2022/23 allocation included increases of £4.897m and £2.415m respectively for Wiltshire. This has come someway to alleviating the pressure it will not however, assist with previous years overspends which are held in the DSG deficit reserve in the local authority's balance sheet. Lobbying continues to request support and additional funding at national level.

99. The DfE's SEN review was published in March 2022 and the financial implications of this are unclear at this stage although national bandings of support are proposed. Wiltshire has submitted both a consultation response and separate written response and the DfE is yet to publish its findings and recommendations.

100. The DSG is ringfenced and is separate to local authority budget. Any underspend or overspend is also ringfenced. At the beginning of the financial year, the DSG reserve balance had a deficit of £25.973m this is now forecast to be £34.734m. The local authority has a long-term recovery plan centred around inclusion which is being implemented in partnership with schools

however the deficit lies with Wiltshire Council whilst the recovery plan is delivered. Additional funding is key to meeting the needs of Wiltshire pupils.

101. Prior to 2020/21 the DSG grant was treated as a usable reserve. In April 2020 Ministry of Housing, Communities & Local Government (MHCLG) introduced new legislation to transfer the DSG reserve from usable to an unusable reserve. In presenting the Better Value proposition DfE have now confirmed that the override will end on 31 March 2026. This provides no resolution to the negative reserve issue which was the subject of the override, now extended for a further three years.

102. Councils nationally have an estimated £2.3bn in high needs funding deficits. Those authorities with the most significant deficits, have been enrolled in the DfE “Safety Valve” programmes. Following the publication of the SEN Review the DfE have published a suite of reports and guidance to support local authority budget management and recovery plans. Wiltshire has been offered support the DfE’s “Delivering Better Value” (DBV) programme. The Council is scheduled to be part of the DfE’s third phase of the DBV programme in July 2023 and has been awarded £0.045m to facilitate this. In addition, the DfE have appointed Newton, CIPFA and SEN advisers to work with officers to review the recovery plan and provide support and guidance. Officers have started preparatory work with Newton / CIPFA.

103. Our local authority position is that we simply cannot sustain the DSG deficit at this level and as such, the transformation board have approved a proposal to invest £1.6m into recovery to align with the work of the DBV programme.

DSG Reserve	**Early Years Ringfence (effective 01-04-22)**	**Schools Block, HNB & Central**	**Total 22/23 FY**
Balance Brought Forward from 21/22	-1.692	27.665	25.973
Early Years Adjustment 21/22 prior year	-0.564		-0.564
Forecast variance 22/23	-2.257	11.582	9.325
Estimated balance CFWD 2022	**-4.513**	**39.247**	**34.734**

104. Officers have taken every opportunity to take part in national and southwest comparator research which show the extent of the national and regional issue. Best practice and savings approaches are being shared with peers.

105. Wiltshire is taking steps to address the demand for specialist placements; significant council investment in the System of Excellence and new Special School places in the north of the county, the 150-place free special school in the south, expansion of specialist places within our schools and the flexible use of capital receipts by the council to fund a series of projects to facilitate change both internally and to influence partners. These and the savings planned from them do not lead to a balanced position within the 10-year recovery period. Savings are limited by many external factors and include a parent’s legal right to state parental preference and recourse to a tribunal.

106. Officers are regularly meeting with school leaders to progress plans through the High Needs Recovery Group, reporting the position and recovery plan to Schools Forum. School Leaders have raised the profile of the funding challenges with Wiltshire's MPs who have been supportive and in turn, raised with central government.

107. As the situation stands both locally and for most other local authorities, the pupil driven needs simply cannot be met without an appropriate level of funding.

SAVINGS DELIVERY 2022/23

108. For 2022/23 a large amount of savings were required to deliver a balanced revenue budget totalling £24.825m. These are already reflected in the revenue budget aligned to services and have to be met in full or they will result in an overspent position by the year end and will have a direct impact on the scale of savings to be delivered in future years. As such a significant risk remains should there be a shortfall in the saving achieved. It is therefore critical to continue robust monitoring of the revenue budget and reporting the achievement of the savings required.

109. Following detailed monitoring by each manager responsible for a revenue budget saving, it is possible to quantify the amount and status of savings and the inherent risks associated with them. The deliverability of these proposals is monitored and reported directly to the Corporate Leadership Team (CLT). The assessment on the deliverability of the savings at the end of quarter 3 2022/23 is shown in the table below, and these assessments are included in the General Fund figures set out in this report.

110. Of the £24.825m savings targets £15.002m (60.4%) are assessed as having been delivered as at the end of December. £23.073m (92.9%) is forecast to be achieved by the end of the year 2022/23. This leaves £1.753m (7.1%) which are not currently forecast to be achieved by the end of the year. Alternative approaches and sources will have to be considered to bridge this gap before the year end.

111. The delivery of savings remains a focus for the Council and the status of the undelivered savings is considered as part of the future year financial planning processes to ensure the budget remains robust and deliverable and any undelivered saving adversely affects any budget gap in future years if not addressed or mitigated on an on-going basis.

Table 10 – 2022/23 Savings Delivery

Wiltshire Council - Savings Tracking 2022-23
Period - Nov (08)

Savings Targets, Full Year Forecasts and Actuals to Date Values £

Corporate Director	Directorate	2022/23 Savings Target	Saving achieved to date £	Forecast Saving £	Difference between forecast and target
		£m	£m	£m	(-FAV /+UNFAV) £m
People	Living and Ageing Well	5.299	3.724	4.840	0.459
	Whole Life Pathway	3.359	1.194	1.794	1.565
	Families & Children's	2.093	1.413	1.984	0.109
	Education & Skills	0.725	0.353	0.719	0.006
People Total		11.476	6.684	9.337	2.139
Resources	Finance	0.181	0.032	0.181	-
	Assets & Commercial Development	0.837	0.652	0.825	0.012
	Information Services	0.535	0.307	0.431	0.104
	Procurement & Commissioning	1.549	1.408	1.503	0.046
Resources Total		3.102	2.399	2.940	0.162
Place	Highways & Transport	2.364	0.654	1.861	0.503
	Economy & Regeneration	0.344	0.305	0.344	-
	Planning	0.437	0.229	0.437	-
	Environment	1.478	1.669	2.816	- 1.338
	Leisure Culture & Communities	1.057	0.226	0.777	0.280
Place Total		5.680	3.083	6.235	- 0.555
Chief Executive	Public Health	0.061	0.061	0.061	-
	HR&OD	1.493	0.959	1.486	0.007
	Legal & Governance	0.545	0.489	0.545	-
	Corporate Directors & Members	0.339	-	0.339	-
Chief Executive Total		2.438	1.509	2.431	0.007
Corporate	Capital Financing	1.030	0.250	1.030	-
	Corporate Costs	1.100	1.077	1.100	-
Corporate Total		2.130	1.327	2.130	-
Grand Total		24.826	15.002	23.073	1.753
%age Total Target		**100.0%**	**60.4%**	**92.9%**	**7.1%**

CAPITAL RECEIPTS FLEXIBILITIES 2022/23

112. The government allows Local Authorities to fund transformational activity that is designed to deliver ongoing revenue savings and/or transform service delivery to reduce costs or reduce demand for services in the future. This is known as Capital Receipts flexibilities. It is important that any Local Authority using this flexibility is transparent in reporting its plans and the individual projects that are to be funded or part funded and report the previous years' activity and whether the planned savings and/or service transformation have been or are being delivered as planned.

113. At part of budget setting the council planned to use £1m of Capital Receipts to fund transformational activity across the council in areas of priority such as Adults Transformation, Family and Children's Transformation and Customer Experience. For this financial year this funding solution will be used to fund elements of the Transformation and Business Change team costs, supporting the transformation programmes across the council.

RESERVES POSITION AND FORECAST

114. Reserves are an important element of the Council's finances, and a sufficient level of balances should be held, to mitigate risks within the budget and operations of the Council.

115. The level of both general fund reserves and earmarked reserves held by the Council were increased as part of the final financial year end position for 2021/22 to help support the forecast future financial position, risks and expected demand the council faces. An additional contribution of £2.8m was made to the General Fund Reserve, increasing the balance to £21.056m. This was to provide additional resilience within the reserve to support the financial position in 2021/22 and to allow for financial risks and a lead in time for recovery.

~~116.~~ In addition, £5.355m was also set aside in a Transformation reserve to provide funding for transformational activity across the council. The use of this reserve is overseen by the Transformation Executive Board, who agree the prioritisation of the activity and agree the funding.

117. Previous approvals to draw down from Transformation reserve included £0.531m as part of the quarter one and £0.826m as part of quarter two budget monitoring reports; following agreement at the Transformation Executive Board to support transformational activity across the council. The BT gainshare one off gain of £3.330m transfer to this reserve was approved as part of the quarter two budget monitoring report. An additional £0.087m is now requested to be transferred from this reserve as part of quarter three budget monitoring, to support high needs and delivering better value (DBV) as agreed by the Transformation Executive Board.

	Transformation Reserve	2022/23 Financial Year £m	Future Years £m	Total Scheme £m
	Balance Brought forward	**5.355**		
Quarter 1 Approval	Families & Children Transformation (FACT)	(0.297)	(0.612)	(0.910)
Quarter 1 Approval	Customer Experience	(0.234)	(0.616)	(0.849)
Quarter 2 Approval	Business Information Team	(0.173)	0.000	(0.173)
Quarter 2 Approval	Adults Transformation	(0.653)	(0.496)	(1.149)
Quarter 2 Approval	BT Gainshare - transfer one off gain to transformation reserve	3.330	0.000	3.330
Quarter 3 Approval Request	High Needs Block (Preparation for Delivering Better Value Programme)	(0.087)	(1.534)	(1.620)
	Balance carried forward			**3.984**

118. The significant aspects of financial risk within the budget for 2022/23 are in part mitigated by earmarked reserves set aside for both Latent Demand and Inflation. £7m has been set aside in a specific Inflation reserve as the council recognised the pressure on the 2022/23 budget and £1.856m remains in the Pay Award reserve to support the expected pressure in these costs. It is

requested that these reserves be utilised to fund the net financial position at the end of the financial year, which is currently forecast to be £5.037m.

119. The Latent Demand reserve balance of £7.895m has been available for demand that presents over and above the metrics included in the budget. Demand pressures are now starting to present in this year and are forecast to continue into future years. The Corporate Leadership Team have assessed the impact on the financial position as well as the best approach to fund these pressures and recommend to Cabinet that staffing capacity demand of £5.057m is funded by this reserve. Ongoing demand has been built into 2023/24 Budget Setting and the Medium Term Finacial Strategy. The table below provides a breakdown by service.

Service	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Families & Children	-	1.122	1.284	-	2.407
Education & Skills	-	0.117	0.120	0.123	0.360
Living Well	-	0.592	-	-	0.592
Whole Life Pathway	-	0.254	-	-	0.254
People Direcorate	**-**	**2.085**	**1.404**	**0.123**	**3.613**
Planning	0.167	0.668	-	-	0.835
Highways & Transport	0.090	0.215	-	-	0.305
Environment	0.055	0.132	-	-	0.187
Place Directorate	**0.312**	**1.015**	**-**	**-**	**1.327**
Legal	**-**	**0.117**	**-**	**-**	**0.117**
Total	**0.312**	**3.217**	**1.404**	**0.123**	**5.057**

120. The balance remaining on this reserve, following the requested transfer for funding, will be £2.838m which will continue to be available should any additional demand present either during the remainder of this year or next financial year.

121. With a balance budget being proposed over the MTFS three year period the funding set aside in the Budget Equalisation Reserve and the Inflation Reserve are no longer required to be set aside for those purposes. Details are included within the Budget 2023/24 report about the re-purposing of these reserves and a recommendation is made to Cabinet as part of this report to transfer the balances, as follows:

a. £7m to the General Fund Reserve
b. £10m to a new earmarked reserve for accommodation needs
c. £2m to the Transformation Reserve to support the community led Community Development pilots
d. £0.5m to a new earmarked reserve for investment in the county's road sign infrastructure, and
e. The remaining balance to the Business Plan Priority Reserve

Overview and Scrutiny Engagement

122. Regular reports are taken to Overview & Scrutiny relating to the Council's financial position. This report is being considered at the meeting of Financial Planning Task Group on 27 January 2023.

Safeguarding Implications

123. None have been identified as arising directly from this report.

Public Health Implications

124. None have been identified as arising directly from this report.

Procurement Implications

125. None have been identified as arising directly from this report.

Equalities Impact of the Proposal

126. None have been identified as arising directly from this report.

Environmental and Climate Change Considerations

127. None have been identified as arising directly from this report.

Risks that may arise if the proposed decision and related work is not taken

128. If the Council fails to take actions to address forecast shortfalls, overspends or increases in its costs it will need to draw on reserves. The level of reserves is limited and a one-off resource that cannot be used as a long-term sustainable strategy for financial stability.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

129. Ongoing budget monitoring and management, of which this report forms part of the control environment, is a mitigating process to ensure early identification and action is taken. Risks associated with service delivery and the level of reserves will be raised as and when proposals are brought forward as part of the budget setting process.

Financial Implications – Section 151 Officer Commentary

130. This report is the third report for the 2022/23 financial year and overall is showing a deterioration in the forecast for the financial year since the quarter 2 report. The bottom line overspend has increased by £1.3m to £5.0m at quarter 3, the main reason being the increase in costs being experienced in relation to the increase and cost in Children in Care placements. The report indicates an underlying pressure on the base budget of £15.7m which continues to be mitigated by items of a one-off nature, through management action which are, in the main, reduced costs arising through holding vacancies and income.

131. Given the current cost of living crisis and the levels of inflation since the budget was approved in February 2022 it was anticipated that the Councils budget would not be sufficient to cover the rising costs in this financial year. Prudently nearly £9m was set aside in earmarked reserves to deal with the increased cost in 2022/23. At present only £5.1m of this will now be needed to cover the forecast overspend and it is proposed in this report to utilise those reserves at year end to cover off the overspend.

132. With a balanced budget being presented by Cabinet for 2023/24 it means the reserves held to deal with one off pressures of inflation or balancing the budget i.e. the budget equalisation reserve are now no longer needed for their intended purpose. As per the budget report and included in this report are proposals to transfer the reserves into their new intended purpose, this will all be subject to the final outturn position for the council in 2022/23.

133. There still remains a level of uncertainty and risk contained within this forecast three quarters through the financial year. Whilst officers have worked hard to ensure the significant savings programme of £25m in this financial year is achieved, with nearly 93% of savings forecast to be delivered, there is the possibility that further savings not yet delivered fail to be delivered either at all or by their original time frame, but where this arises mitigations to offset the impact are sought.

134. As previously mentioned, the management action contained in the report centres mainly around holding vacancies, containing inflation to a lesser amount than either negotiated or the prevailing rate of CPI and one-off income. The impact in 2022/23 is now unlikely to be a full year impact but will inevitably mean a worsening position in later years. With inflation still in double digits running at 10.5% and expected to continue to remain around that level for the winter months, there is a risk that inflation levels cannot be contained as currently forecast. However wherever possible this has been reflected in the base budget for the setting of the 2023/24 budget, to ensure it is robust as possible moving forward.

135. With the increased forecast overspend still £3.8m within the reserves held to manage inflation pressures during the year, there are no further management actions proposed at this time, however the Councils Corporate Leadership Team will be ensuring close scrutiny and challenge during the remaining months of the financial year.

Legal Implications

136. None have been identified as arising directly from this report.

Workforce Implications

137. If the Council fails to take actions to address in-year forecast shortfalls, overspends or increases in its costs it may need to implement further spend controls, or if the position is deemed critical unplanned service rationalisation may be required. This could impact on the workforce and may include changes to roles or redundancies. Ongoing budget monitoring and management, of which this report forms part of

the control environment, is a mitigating process to ensure early identification and action is taken.

Options Considered

138. Budget monitoring forms part of the financial control environment and it is important to provide reporting on all aspects of financial management and performance to Cabinet and the public, including delivery to plans, variances and risks and impacts.

Conclusions

139. The report supports effective decision making, ensures a sound financial control environment and ensures members are updated on the latest position for the budget for 2022/23. This position has informed the proposed budget for 2023/24.

(S151 Officer) andy.brown@wiltshire.gov.uk

Report Authors:
Assistant Director of Finance and Deputy S151 Officer,
Leanne Sykes, Head of Finance, Growth, Investment & Place
Marie Taylor, Head of Finance, Children & Education
Sarah Rose, Head of Finance, Adults

23/01/2023

Appendices

Appendix A: Revenue Budget Movements

Background Papers

The following documents have been relied on in the preparation of this report:

Wiltshire Council's Financial Plan Update 2022/23, Medium Term Financial Strategy 2022/23-2024/25 - Full Council, 15 February 2022
Agenda for Council on Tuesday 15 February 2022, 10.30 am | Wiltshire Council

Financial Year 2022/23 – Quarter One Revenue Budget Monitoring - Cabinet 27 September 2022
Agenda for Cabinet on Tuesday 27 September 2022, 10.00 am | Wiltshire Council

Financial Year 2022/23 – Quarter Two Revenue Budget Monitoring - Cabinet 29 November 2022
Agenda for Cabinet on Tuesday 29 November 2022, 10.00 am | Wiltshire Council

Appendix A – Revenue Budget Movements

	2022-23 Original Budget	Budget movements approved by CLT Q1 / Q2 / Q3	Revised Budget Q3
	£m	£m	£m
Corporate Director People			
Living and Ageing Well	72.096	- 0.499	71.597
Whole Life Pathway	78.004	3.126	81.130
Education & Skills	22.729	0.694	23.423
Family & Children Services	62.175	- 1.399	60.776
Corporate Director Resources			
Finance	3.895	- 1.168	2.727
Assets & Commercial Development	16.261	- 0.772	15.489
ICT	11.595	- 0.128	11.467
Procurement & Commissioning	5.309	- 0.472	4.837
Corporate Director Place & Environment			
Highways & Transport	37.761	- 0.060	37.701
Economy & Regeneration	2.490	- 0.156	2.334
Planning	1.670	- 0.503	1.167
Environment	43.215	1.412	44.627
Leisure Culture & Communities	7.474	- 1.255	6.219
Chief Executive Directorates			
Public Health	1.597	- 0.183	1.414
Legal & Governance	7.482	1.974	9.456
HR&OD and Transformation	5.468	- 5.468	-
HR&OD	-	3.336	3.336
Transformation & Business Change	-	0.392	0.392
Corporate Directors & Members	3.041	0.171	3.212
Commercial Savings	-	-	-
Corporate			
Movement on Reserves	- 1.138	-	- 1.138
Capital Financing	26.841	0.980	27.821
Corporate Costs	3.113	0.728	3.841
Corporate Levies	6.625	- 0.750	5.875
General Fund Budget	**417.703**	**- 0.000**	**417.703**
HRA Budget	-	-	-
Total	**417.703**	**- 0.000**	**417.703**
WC Funding			
General Government Grants	- 49.261	-	- 49.261
Council Tax	- 309.942	-	- 309.942
Business Rates Retention Scheme	- 58.500	-	- 58.500
Total Funding	**- 417.703**	**-**	**- 417.703**
Total	**0.000**	**- 0.000**	**-**

This page is intentionally left blank

Wiltshire Council

Cabinet

31 January 2023

Subject:	**Financial Year 2022/23 - Quarter Three Capital Budget Monitoring**
Cabinet Member:	**Cllr Nick Botterill – Cabinet Member for Finance, Development Management and Strategic Planning**
Key Decision:	**Non-Key**

Executive Summary

This report sets out the Capital Programme for 2022/23 as of 31 December 2022 for the third quarterly budget monitoring period with forecasts based on the position in November 2022, updated for any known significant changes in December 2022. It includes the movements from September 2022 and sets out how the programme is forecast to be financed. It provides an update on the significant schemes that are planned to be delivered, are in delivery, and those that have been reprofiled to future years.

Quarter Three Capital Budget Monitoring
The quarter three Capital Programme is based on information as of 31 December 2022. The report confirms the current forecast movement of approvals between years as schemes have been assessed and the delivery and spend profile recast.

Proposals

Cabinet is asked to note:

a) the additional budgets added to the programme totalling £2.652m, £1.633m in 2022/23 and £1.019m in 2023/24 under Chief Finance Officer delegated powers;

b) the movement of £20.563m of budgets into future years under Chief Finance Officer delegated powers;

c) the removal of £13.926m from the capital programme, £0.50m from 2022/23 and £13.176m from future years under Chief Finance Officer delegated powers;

d) budget movements between schemes;

e) the revised 2022/23 Capital Programme as at quarter three of £172.227m; and

f) the capital spend as at 31 December of £87.998m.

Reason for Proposals

To inform effective decision making and ensure sound financial management as part of the Councils overall control environment.

To inform Cabinet on the financial position of the Council on the 2022/23 capital programme as at quarter three (31 December 2022).

Terence Herbert
Chief Executive

Wiltshire Council

Cabinet

31 January 2023

Subject:	**Financial Year 2022/23 - Quarter Three Capital Budget Monitoring**
Cabinet Member:	**Cllr Nick Botterill – Cabinet Member for Finance, Development Management and Strategic Planning**
Key Decision:	**Non-Key**

Purpose of Report

1. To advise Members of the 2022/23 Capital Programme position as at quarter three (31 December 2022) and provide an update on the forecast for the financial year.

Relevance to the Council's Business Plan

2. Budget monitoring and reporting supports effective decision making and the alignment of resources and financial performance to the Council's priorities and objectives as laid down in the Business Plan.

Background

CAPITAL PROGRAMME MONITORING 2022/23 – QUARTER THREE

3. Full Council approved a net capital programme budget for 2022/23 of £307.115m at its meeting on 15 February 2022.

4. As part of the quarter one and two capital programme monitoring reports, actions were recorded which amended the capital programme budget to £191.908m as of 30 September 2022 (quarter two).

Main Considerations for the Council

5. During the year the Chief Finance Officer authorises additions to the Capital Programme, budget reductions and the movement of budgets into future years under delegated powers. During the third quarter, £2.652m of budget has been added to the programme, £1.633m of this is in 2022/23 under these delegated powers. This is for schemes that have come forward and are funded by external funding sources such as grants and s106 contributions. These increases are set out in Appendix B and discussed later in the report. The increases have no effect on the net funding position of the programme or the approved borrowing level as they are funded by external sources.

6. In line with the approvals sought in the Capital Programme quarter two report £0.750m of budget has been removed from the programme in 2022/23. This is to align the budget with the actual grant award for Children's Homes and to reduce the Special Educational Needs & Disability (SEND) Free School in line with forecast. £13.176m has been removed from future years on the A338 Salisbury Junction Improvements Major Road Network (MRN) scheme in line with forecast Department for Transport (DfT) grant. A smaller scheme is now being developed.

7. Capital schemes have been reviewed and £20.563m has been reprogrammed into future years to align with forecast programme delivery and expected spend. There are no negative financial or reputational implications to report from this re-programming.

8. The Capital Programme for 2022/23 stands at £172.227m as of 31 December 2022 after the above changes have been made. The table below summarises the budget movements discussed. A detailed budget movement by scheme is shown in Appendix A for Cabinet to review.

9. Cabinet is asked to note the movement and reprofiling of £0.003m from the Department for Education (DfE) Specialist Placement Expansion budget to the Silverwood Special School budget.

Table 1 – 2022/23 Quarter Three Capital Programme Amendments

	£'m
Q2 Capital Programme Approved by Full Council	**191.908**
Amendments to Capital Programme from Qtr. 2 Review to Note:	
Additional budgets added to the programme	1.633
Budgets Removed from programme	-0.750
Grant amendments	
Budgets reprogrammed from 2022/2023 into future years	-20.563
Capital Programme 2022/23 as at 31st December 2022	**172.227**

10. The programme remains ambitious and historically Wiltshire Council's average annual Capital Programme spend is in the region of £100m. There are however some significant schemes included in the programme that are driving the higher budget level and these are detailed in the report below.

11. The total capital expenditure as at quarter three is £87.998m, approx. 51% of the revised total budget. Reprofiling into future years has been robustly challenged and forecasts are that the remaining schemes will progress and spend to budget in 2022/23. The actual figures do not include commitments and officers have flagged a delay with some invoicing.

12. As previously reported in quarter two the biggest implication from not delivering the capital programme as planned is linked to schemes funded by borrowing. This impacts on the Financing and Investment Income and Expenditure revenue budget which is set based on the programme for the previous financial year. As a result of the

underspend in 2021/22 from programme slippage there will be a £1.197m saving on the Minimum Revenue Provision (MRP) budget this year (2022/23).

13. The 2022/23 capital schemes funded by borrowing inform the Financing and Investment Income and Expenditure revenue budget for 2023/24. If the programme is set too high and is not delivered at this level the revenue budget set aside will not be required and is diverted away from funding for key services. The programme needs to be continuously reviewed to ensure it is robust and achievable. The quarter three forecast has been used to inform 2023/24 budget setting.

14. As reported previously a new governance process has been developed to provide further assurance on deliverability of the capital programme. This process was implemented for the first time as part of quarter two capital monitoring with the oversight provided by the Asset Gateway and Capital Programme Board (formerly the Asset Gateway Board). The level of slippage identified for quarter three is an indication that the capital programme was ambitious and that the new oversight from the board continues to provide additional challenge on deliverability of schemes within the programme.

15. The table below shows the summary position for the 2022/23 Capital Programme, this is broken down further under each directorate.

Table 2 – 2022/23 Quarter Three Capital Programme

Service	Revised Budget 2022/2023 B £'m	Actual Spend 2022/2023 C £'m	% Actual to Budget C/B £'m
Corporate Director - People	40.233	21.967	55%
Corporate Director - Resources	58.183	32.856	56%
Corporate Director - Place	47.633	23.390	49%
General Fund Total	**146.049**	**78.213**	**54%**
Housing Revenue Account	**26.178**	**9.785**	**37%**
General Fund and HRA Programme 2022/23	**172.227**	**87.998**	**51%**

People

16. The table below shows the Capital Programme 2022/23 quarter three at programme level for the People Directorate. The revised budget stands at £40.232m and spend is currently at 55%.

17. As part of the quarter three review, £0.646m of additional budget has been added to the programme for Basic Need, Schools Maintenance and Modernisation and the Devolved Formula Capital budgets. These additions are grant contributions, school contributions and s106 increases and are detailed in Appendix B. £0.750m in total has been removed from the programme,

£0.400m from the Children's Homes Programme to align the budget with actual grant award and approved funding and £0.350m from the SEND Free School budget to align budget to forecast as the previously budgeted for abnormal costs are no longer forecast.

18. A total of £2.296m budget has been reprogrammed from 2022/23 into future years in line with forecast delivery programmes.

Table 3 – 2022/23 Quarter Three Capital Programme, People Services

Scheme Name	Revised Budget	Actual Spend	% Actual Spend to Revised Budget
	£m	£m	£m
Whole Life Pathway			
Sensory Stimulation & Development Play Equipment	0.020	0.000	0%
Whole Life Pathway Total	**0.020**	**0.000**	**0%**
Ageing & Living Well			
Disabled Facilities Grants	2.700	1.810	67%
Ageing & Living Well Total	**2.700**	**1.810**	**67%**
Education & Skills			
Access and Inclusion	0.076	0.022	29%
Army Rebasing	0.012	0.000	0%
Basic Need	7.063	3.999	57%
Stonehenge School Replacement of Lower Block	2.538	0.859	34%
Devolved Formula Capital	0.658	0.658	100%
Schools Maintenance & Modernisation	5.178	3.435	66%
Early Years & Childcare	0.032	0.000	0%
Early Years Buildings	0.121	0.000	0%
DfE Funded SEN Specialist Placement Expansion	0.000	0.000	0%
Silverwood Special School	16.715	10.430	62%
SAIL Free Special School Abnormal Costs	0.000	0.000	0%
SEND Special School Capacity & Alternative Provision	0.403	(0.011)	-3%
High Needs Provision Capital Allowance	3.617	0.665	18%
Education & Skills Total	**36.413**	**20.057**	**55%**
Families & Children's Service			
Childrens Homes	1.100	0.100	9%
Families & Children's Total	**1.100**	**0.100**	**9%**
Corporate Director - People	**40.233**	**21.967**	**55%**

Ageing & Living Well

19. The Disabled Facilities grant programme is a grant scheme for adaptations and facilities to enable disabled residents to stay in their home. In addition, it is used for other initiatives and programmes to deliver the same outcome, including the

Optimising Care Initiative and Occupational Therapist Service to ensure clients are assisted to move to more suitable accommodation.

20. Following reprogramming of £0.500m to future years as part of quarter two reporting, the service is reporting that spend will be in line with the adjusted budget.

Education & Skills

21. A total of £0.646m has been added to the programme under delegated Chief Finance Officer powers to reflect 2022/23 grant awards and contributions, which are detailed in Appendix B.

22. £0.350m budget has been removed from the SAIL Free School programme. This amount was allocated for potential abnormal costs as a result of delays with DfE grant allocations due to the pandemic and a change in the DfE plan from creating a school on a new build site to a re-modelling of an existing college to a school for learners with SEND. These abnormal costs are no longer projected and so the budget has been reduced accordingly.

23. A total of £2.296m budget has been transferred to future years in line with current expected delivery programmes as detailed in Appendix B and below.

24. £0.170m has been reprogrammed to future years within the Schools Maintenance and Modernisation programme. £0.100m was ring-fenced as contingency for current projects. Following completion of those projects this is no longer required and will be allocated to other projects in 2023/24. £0.070m is for the Studley Green project that will now commence Easter 2023.

25. £0.526m has been reprogrammed into future years as a result of revisions to the likely scheme commencement for Early Years and Childcare provision for Bradford on Avon, Corsham/Rudloe and Bradley Road, Trowbridge facilities.

26. £1.100m for the Stonehenge School Lower Block Replacement has been reprogrammed to future years to align with the revised construction timetable as works started on site in October 2022, slightly later than originally planned.

27. The Silverwood build programme started construction in April 2022. This will deliver significant additional places from September 2023 for learners with SEND. This programme is projected to spend to profile.

Families & Children's

The service is continuing to pursue the purchase of a residential house for use as a children's home. The service applied for DfE grant funding to support the purchase of two children's homes and has recently had confirmation that this application was successful. As a result, £0.400m has been removed from the budget.

Resources

28. The table below shows the Capital Programme 2022/23 quarter three at programme level for the Resources Directorate. The revised budget stands at £58.183m and spend is currently at 56%.

29. As part of the quarter three review, £6.212m budget has been reprogrammed into future years in line with forecast delivery programmes. £0.300m has been brought forwards to accelerate delivery in 2022/23 on Facilities Management Operational Estate. Full details of movements can be found in Appendix B.

Table 4 – 2022/23 Quarter Three Capital Programme, Resources

Scheme Name	Revised Budget	Actual Spend	% Actual Spend to Revised Budget
Finance			
Corporate	0.271	0.000	0%
Covid 19 Capital	0.000	0.000	0%
Evolve Project	3.746	1.056	28%
Other Capital Schemes to be confirmed	0.000	0.000	0%
Finance Total	**4.017**	**1.056**	**26%**
Assets & Commercial Development			
Affordable Housing including Commuted Sums	0.536	0.365	68%
Capital Receipt Enhancement	1.184	0.610	52%
Commercial - Commercial Investment	0.000	0.000	0%
Lackham College Land Purchase	1.300	1.372	106%
Depot & Office Strategy	3.255	1.883	58%
Facilities Management Operational Estate	4.506	3.780	84%
Gypsies and Travellers Projects	0.150	0.001	1%
Housing Infrastructure Fund (HIF)	9.377	1.480	16%
Porton Science Park	4.157	3.205	77%
Health and Wellbeing Centres - Live Schemes	6.011	4.497	75%
Non-Commercial Property Purchases	0.134	0.092	69%
North Wiltshire Schools PFI Playing Fields	0.000	0.000	0%
Property Carbon Reduction Programme	2.846	1.309	46%
Park & Ride Solar Panel Canopys	0.300	0.008	3%
Public Sector Decarbonisation Scheme Projects	0.073	0.676	926%
Salisbury Central Car Park & Maltings	0.001	0.001	100%
Facilities Management Investment Estate	0.630	0.198	31%
Social Care Infrastructure & Strategy	0.034	0.000	0%
Assets & Commercial Development Total	**34.494**	**19.477**	**56%**
Capital Loans			
Stone Circle Housing Company Loan	10.833	8.663	80%
Stone Circle Development Company Loan	2.350	1.127	48%
Capital Loans Total	**13.183**	**9.790**	**74%**
Information Services			
ICT Applications	3.045	1.231	40%
ICT Business as Usual	1.514	0.397	26%
ICT Other Infrastructure	0.830	0.334	40%
ICT Get Well	0.952	0.552	58%
Microsoft Cloud Navigator	0.148	0.019	13%
Information Services Total	**6.489**	**2.533**	**39%**
Corporate Director - Resources	**58.183**	**32.856**	**56%**

Finance

30. The Evolve programme reports within the Finance budget line and is for the procurement and implementation of a new Enterprise Resource Planning (ERP) system for the Council. Work has been taking place to review the delivery programme timeline. The revised go live date is now projected to be November 2023 and therefore £1.631m has been reprogrammed to future years.

Assets & Commercial Development

31. £0.516m has been added to the Capital Receipt Enhancement budget as requested and approved in the quarter two report for the refurbishment of an existing Family Contact Centre. £0.600m has been reprogrammed into future years, this is budget allocated to the demolition of Melksham Blue Pool, which is now projected to take place in 2023/24.

32. £0.998m has been reprogrammed to future years for Commercial Investment as no further purchases are anticipated in 2022/23.

33. £0.300m has been brought forwards from 2023/24 to 2022/23 from the ring-fenced allocation of budget for car parks within the Facilities Management Operational Estate to accelerate the spend forecast in this area.

34. Following a Cabinet decision on 13 December 2022, a mutually agreed exit from the Grant Determination Agreement with Homes England has been approved. Cabinet also resolved the removal of future HIF programme budgets funded by Grant. Once the final arrangements have been made the remaining budget will be removed from 2022/23.

35. £1.400m budget for Porton Science Park has been reprogrammed to future years as a result of the ‘grow on space’ fit out for the tenant now not scheduled until 2023/24.

36. A total of £1.154m has been reprogrammed into future years for Health & Wellbeing Centres. This is a combination of reprofiled forecast costs, and retention to be held over following completion of projects.

37. The Property Carbon Reduction Programme budget has multiple projects underway to reduce the council’s carbon emissions and support the business plan mission of leading the way in how councils and counties mitigate the climate challenges and to also generate utility cost savings from the property estate. These projects include lighting upgrades, PV installations, upgraded air handling units, and the installation of air source heat pumps and include all types of property in the estate including leisure centres, depots, respite centres and hub buildings. £0.430m has been moved to future years. £0.290m is for works that form part of the Melksham House redevelopment and need to align with the appropriate points within the construction programme timeline. £0.140m is for Salisbury City Hall which has been delayed due to the continued use of the facility as a vaccination centre.

Capital Loans to Stone Circle

38. This represents the capital loan funding to Stone Circle companies for 2022/23. As at 31/03/2022 the Stone Circle Housing company had acquired 50 properties and has a capital loan of £11.055m and a working capital loan of £0.184m from Wiltshire Council.

39. The Business Plan programme is set to acquire 250 units by 2024/25. The Plan was revised, and new house price parameters established to enable the company to be more competitive.

40. At quarter two reporting the original target of 70 properties to be purchased during 2022/23 was revised to 50 and the budget reprogrammed accordingly. As at the end of quarter three, 29 houses have been purchased and the company is striving to complete on a further 20 before the end the financial year.

41. Stone Circle Development Company has six development sites across Wiltshire for delivery of market properties with the proposal to deliver affordable housing provided at policy compliant levels. As at the 31/03/2022 Stone Circle Development company has a capital loan of £0.535m and a working capital loan of £0.162m from Wiltshire Council.

Information Services

42. The ICT capital programme is shown across Applications, Get Well, Other Infrastructure and Business as Usual and covers staff costs and project costs to deliver key infrastructure, applications, cost of replacing staff devices and for further digital transformation and activities and emerging fields like business intelligence. ICT undertook a comprehensive review of project expenditure at quarter two, that included commitments, staff costs and anticipated delivery timescales with some capital reprogrammed to future years. There are no further changes required at quarter three.

Housing Revenue Account (HRA)

43. The table below shows the quarter three capital programme summary position for the Housing Revenue Account. The revised budget stands at £26.178m and spend is currently at 37%.

44. As part of the quarter three review £0.821m budget has been reprogrammed into future years, £0.579m in relation to the Council House Build programme phase 3.3 and £0.242m for Refurbishment of Council Stock. Both have been aligned to current forecast delivery programme. £0.045m has been brought forwards from 2023/24 to the Council House Build Programme Phase 3.1 to reflect anticipated spend in 2022/23.

Table 5 – 2022/23 Quarter Three Capital Programme, HRA

Scheme Name	Revised Budget	Actual Spend	% Actual Spend to Revised Budget
Housing Revenue Account			
HRA - Council House Build Programme	0.038	0.000	0%
HRA - Council House Build Programme (Phase 2)	1.552	0.893	58%
HRA - Council House Build Programme (Phase 3.1)	6.541	2.587	40%
HRA - Council House Build Programme (Phase 3.2)	1.157	0.676	58%
HRA - Council House Build Programme (Phase 3.3)	2.857	0.587	21%
HRA - Refurbishment of Council Stock	14.033	5.042	36%
Housing Revenue Account Total	**26.178**	**9.785**	**37%**

45. The HRA Capital Programme consists of two elements; the planned capital maintenance and the council house build programme. The planned capital maintenance of the existing housing stock covers bathrooms, kitchens, roofs, boilers etc. and the Council House Build programme, which has been split into different phases, is planned to deliver 1,000 homes over the next ten years.

46. The current 30 year business plan has been reviewed to reflect estimated cost increases and based on the anticipated rent regime to be agreed by Government, is still capable of delivering the planned maintenance, Housing energy efficiency programme and Council House Build programme.

Place

47. The table below shows the quarter three capital programme summary position for Place Directorate. The revised budget stands at £47.635m and spend is currently at 49%.

48. As part of the quarter three review, £0.471m has been added to the programme under delegated Chief Finance Officer powers to reflect Grant allocations and parish council contributions to projects. These movements are shown in Appendix B.

49. A total of £11.579m budget has been reprogrammed into future years, in line with forecast delivery of programmes.

Table 6 – Capital Programme 2022/23, Place

Scheme Name	Revised Budget	Actual Spend	% Actual Spend to Revised Budget
Highways & Transport			
Churchyards & Cemeteries	0.028	0.000	0%
CIL Funded Schemes	0.053	0.000	0%
Parking Contactless Machines	0.127	0.000	0%
Fleet Vehicles	2.711	0.583	22%
Integrated Transport	3.894	3.454	89%
Local Highways and Footpath Improvement Groups	1.356	0.424	31%
LED Street Lighting	0.762	1.064	140%
Structural Maintenance & Bridges	21.865	14.058	64%
Churchfields Depot Drainage and Traffic Management	0.081	(0.001)	-1%
Passenger Transport RTPI	0.692	0.203	29%
Drainage Improvements	0.500	0.000	0%
Major Road Network M4 Junction 17	0.290	0.153	53%
A338 Salisbury Junction Improvements MRN	0.059	0.041	69%
A350 Chippenham Bypass (Ph 4&5) MRN	1.091	1.222	112%
A3250 Melksham Bypass LLM - Full Scheme	0.218	0.160	73%
Highways & Transport Total	**33.727**	**21.823**	**65%**
Economy & Regeneration			
Chippenham Station HUB	0.204	0.095	47%
Corsham Mansion House	0.048	0.000	0%
Salisbury Future High Streets	1.124	0.367	33%
Salisbury LGF Schemes	0.000	0.000	0%
Trowbridge Future High Streets	5.024	0.468	9%
West Ashton Urban Extension Project	4.585	0.001	0%
Carbon Reduction Projects	0.070	0.035	50%
Wiltshire Ultrafast Broadband	0.063	0.000	0%
Wiltshire Online	0.829	0.000	0%
Economy & Regeneration Total	**11.947**	**0.966**	**8%**
Environment			
Waste Services	0.763	0.409	54%
HRC Savings Infrastructure	0.100	0.000	0%
Environment Total	**0.863**	**0.409**	**47%**
Leisure Culture & Communities			
Area Boards Grants	0.642	0.070	11%
Community Projects	0.000	0.000	0%
Fitness Equipment for Leisure Centres	0.064	0.000	0%
Libraries - Self Service	0.121	0.002	2%
Other Schemes including cross cutting systems	0.019	0.019	100%
Trowbridge Leisure Centre	0.100	0.024	24%
Leisure Requirements	0.150	0.077	51%
Leisure Culture & Communities Total	**1.096**	**0.192**	**18%**
Corporate Director - Place	**47.633**	**23.390**	**49%**

Highways & Transport

50. Included under Highways & Transport are the Structural Maintenance and Bridges programmes. These are funded by grant from the Department for Transport (DfT) and the schemes cover maintaining, improving and renewing carriageways and footways including reconstruction, resurfacing, surface dressing and patching. The grant funding is also used for lighting column and traffic signal replacement and re-decking, resurfacing, masonry repair and strengthening of bridges. It ensures the renewal, repair and preventative maintenance of carriageway/footway and land drainage infrastructure to prevent flooding. The service is managing significant inflation pressures ranging between 8% and 30%, by reducing the level of work that is undertaken to remain within budget.

51. Two Major Road Network (MRN) schemes have been delayed, both funded by DfT grants. £0.717m has been reprogrammed to future years for the M4 Junction 17 Improvements, to allow for the expected delay in DfT approval of Outline Business Case. £1.607m for the A350 Melksham Bypass Scheme has also been reprogrammed to future years to reflect the outcome of the National Highways M4 to Dorset Coast Connectivity Study.

52. A public consultation was carried out in June and July 2021 for the A338 Salisbury Junction Improvement MRN scheme which revealed that there was considerable doubt that the proposals would improve conditions for most users. As the study progressed it also became evident that it would not be possible to put forward a viable business case under the DfTs MRN programme based on current and projected traffic volumes. Subsequently it was decided to not proceed with the Major Road Network scheme and instead develop a lower cost scheme focused on the two most congested junctions - Exeter Street Roundabout and Harnham Gyratory. The DfT grant funding of £13.176m profiled in 2024/25 and 2025/26 has therefore been removed from the programme.

53. £0.471m has been added to Highways and Transport at quarter three. This includes £0.011m new Town and Parish Council contributions to Local Highway Footway Improvement, £0.055m for insurance contributions for bridge repairs to Structural Maintenance and Bridges and £0.404m S106 developer contributions for the Hilperton Active Travel Scheme to Integrated Transport. Further detail is shown in Appendix B.

Economy & Regeneration

54. There are three significant schemes included in the revised 2022/23 programme under Economic Development and Planning; West Ashton Urban Extension Project, Salisbury Future High Street and Trowbridge Future High Street.

55. The Council is working with Homes England under the terms of its Grant Determination Agreement for £8.784m of Housing Infrastructure Funding (HIF)

to ensure that funding will support the costs of road infrastructure required to deliver 2,200 new homes at West Ashton, Trowbridge. The pressure on the project is that the funding is bound by deadline which expires on 31 March 2023. Unfortunately, it was not possible to resolve all outstanding matters relating to the section 106 agreement by the new milestone of 14 July 2022.

56. Homes England issued the Council with a ‘Reservation of Rights Letter’ on 15 November 2022, which included that the Council provide a revised delivery plan for the Project to Homes England no later than midday 13 December 2022. The Council has continued to progress both planning and funding negotiations and had already submitted to a revised delivery plan to Homes England, which would enable draw down of funding before the 31 March 2023 Availability Period deadline. This included a requirement to complete the s106 agreement by 31 January 2023.

57. However, following submission of the Delivery Plan, the developer requested a meeting with the Council which was held on 13 December. Due to heightened market uncertainty in the third quarter of 2022, resulting in an expectation for fewer house sales and a deterioration in average selling prices, the developer confirmed that they were not in a position to sign the s.106 agreement before the newly proposed milestone. This meant that the submitted Delivery Plan to spend the HIF by 31 March 2023 was no longer implementable. The Council notified Homes England of this change and further meetings and discussions have taken place to explore options to resubmit a workable Delivery Plan that retains the HIF funding towards the scheme.

58. In light of these developments and understanding that realistically it is unlikely now that an initial draw from the fund will be made in the remainder of this financial year, £4.199m has been moved on the capital programme to 2023/24. It should also be noted that should it not be possible to resubmit a Delivery Plan to Homes England’s satisfaction, the Council may need to consider withdrawing from the Funding Agreement working with Homes England if necessary to ensure that this would be managed appropriately.

59. The Salisbury Future High Street Fund (FHSF) Programme will focus on the Station Forecourt, Blue Boar Row and Fisherton Street Gateway schemes in Salisbury. This will create some residential space, enhance the public realm, and improve accessibility to make it easier, safer, and more convenient to travel into the city centre. Reporting to the Department of Levelling Up, Housing and Communities (DLUHC) takes place twice annually, in December and May. £2.376m has been reprogrammed to the Station Forecourt project and £1.315m for the Fisherton Street Gateway project due to delays caused by Network Rail approvals and consents.

60. The Trowbridge Future High Streets Fund (FHSF) Programme will be spent across a range of projects aiming to strengthen the sustainability of Trowbridge Town centre by creating a more diverse offer and increasing footfall. Ensuring this long-term sustainability involves maximising the use of some key buildings, bringing vacant retail units back into use, as well as improving connectivity, the public realm and active travel opportunities within the town centre. The programme is fully grant funded.

61. The Trowbridge FHSF programme has sought the reallocation of some funds between projects to ensure deliverability within the funding criteria and fixed budget envelope. A full update report on FHSF progress was reported to Cabinet on 27 September 2022. DLUHC have provided an indicative response that this reprofiling has been approved but is still subject to written confirmation.

Environment

62. Waste Services includes numerous projects that provide recycling bins, black boxes, wheelie bins, DIY disposal at household recycling centres, emissions control equipment for residual household waste, management and control of emissions at closed landfill sites and food waste digesters. At quarter three £0.354m has been identified to be reprogrammed into future years. £0.333m is for an in year surplus for Wheelie bins and Waste Digesters. This will be reprogrammed over several years to reflect future demand and material prices. £0.021m has been reprogrammed to future years to reflect reduced demand.

Leisure, Culture and Communities

63. Work is currently taking place to determine robust business cases and a planned pipeline of leisure facility improvements. The pipeline will be based on RIBA build stages and so will provide a more accurately profiled budget. As a result of the review a further £0.346m has been reprogrammed to future years. The provision of fitness equipment has now been tendered and the contract is due to be awarded in early 2023, until the contract is awarded, fitness equipment linked to facility improvements cannot be delivered. In addition, the installation of any procured fitness equipment is linked to the pipeline of projects and so £0.136m of this budget has been reprogrammed to future years.

64. £0.400m for Trowbridge Leisure Centre has been reprogrammed to future years. A Strategic Outcomes Planning Model is currently being carried out by external consultants to provide a robust, evidence led assessment of need that will determine the appropriate facility mix and location of any new provision. £0.129m has also been reprogrammed to future years for Libraries Self-Service to reflect the latest project delivery timelines.

Capital Programme 2022/23 Funding

65. The Capital Programme for 2022/23 has been financed as shown in the table below as at quarter three.

Table 7 – 2022/23 Quarter Three Capital Programme Funding

Funding	£'m
Grants	65.984
Other Contributions	0.539
S106 Contributions	5.241
CIL Contributions	0.204
HRA	21.103
General Fund Receipts	4.453
Right To Buy Housing Receipts	2.392
Shared Ownership Income	1.269
Borrowing funded by Revenue Savings	0.762
Stone Circle Capital Loan	13.183
Borrowing	57.097
Total Capital Programme 2022/23	**172.227**

66. The Council bids for and receives grants from Government and third parties, and these come from various departments including Department for Transport, Homes England, Department for Business, Energy and Industrial Strategy, Department for Levelling Up, Housing and Communities and Department for Education.

67. In addition to grants, contributions are also used to finance the programme and contributions cover third party non grant funding for example Section 106 (S106) developer contributions, Community Infrastructure Levy (CIL), contributions from private or public sector organisations.

68. The HRA finances its capital programme depending on sources available in that financial year with the aim of minimising borrowing. The new build programme financing has been delegated to the Corporate Director of Resources & Deputy Chief Executive (S151 officer) and the Director of Assets and Commercial Development. Funding sources are the HRA Revenue and Capital Reserves, Right to Buy receipts, shared ownership receipts, commuted sums, grants, and as a last resort borrowing.

69. The General Fund borrowing total of £57.097m, together with historic Council borrowing, will generate a Minimum Revenue Provision (MRP) charge, which is the amount councils have to statutorily set aside to repay the debt. For 2022/23 a revenue saving of £1.197m for MRP has been reported as a result of the reduction in the 2021/22 capital programme year end position.

70. A forecast net underspend of £1.264m has also been reported in quarter 2 for Interest payable and receivable. The Council took a treasury management decision to borrow £80m in March 2022 and based on the current cashflow forecast the Council will not need to borrow again in 2022/23. As a result of this borrowing and the increases in interest rates, interest payable is forecast to exceed budget by £1.326m. This is offset by a forecast overachievement of £2.591m on interest receivable due to the increased level of cashflow and increased interest rates, alongside amounts forecast for loan interest from Stone Circle and Wiltshire College.

71. The 2022/23 capital schemes funded by borrowing inform the Financing and Investment Income and Expenditure budget for 2023/24. The programme therefore needs to be deliverable to ensure that revenue budget is not set aside unnecessarily and diverted away from key services. This will continue to be ensured through the Asset Gateway Capital Programme governance process which will provide assurance through regular review and challenge of the capital schemes.

72. The Council brought forward into 2022/23 £5.797m of capital receipts from previous years and is forecasting to achieve £4.004m receipts from the disposal on assets in 2022/23. This is a small increase from quarter two report. £4.453m of capital receipts are planned to be used to finance the capital programme and £1.000m under Capital Receipts Flexibilities regulation to fund revenue costs of transformational projects. This would leave a balance to roll forward to 2023/24 of £4.348m.

Overview and Scrutiny Engagement

73. This report will be considered by the Financial Planning Task Group on 27 January 2023.

Safeguarding Implications

74. None have been identified as arising directly from this report.

Public Health Implications

75. None have been identified as arising directly from this report.

Procurement Implications

76. None have been identified as arising directly from this report.

Equalities Impact of the Proposal

77. None have been identified as arising directly from this report.

Environmental and Climate Change Considerations

78. None have been identified as arising directly from this report.

Risks that may arise if the proposed decision and related work is not taken

79. If the Council fails to take actions to address forecast shortfalls, overspends or increases in its costs it will need to draw on reserves or undertake further borrowing. The level of reserves is limited and a one-off resource that cannot be used as a long-term sustainable strategy for financial stability and additional borrowing will bring additional revenue costs.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

80. Ongoing budget monitoring and management, of which this report forms part of the control environment, is a mitigating process to ensure early identification and action is taken.

Financial Implications – S151 commentary

81. The financial implications are implicit throughout the report.

82. As part of the budget monitoring process reviews are carried out of the likely timing of the delivery of the schemes within the Capital Programme.

83. These reviews will continue as part of the quarterly budget monitoring process so that forecasts are made with greater confidence and the understanding of future funding requirements for borrowing and impact on future budget requirements is understood. This is critical as we move into setting the MTFS and Budget for the next financial year.

Legal Implications

84. None have been identified as arising directly from this report.

Workforce Implications

85. No workforce implications have been identified as arising directly from this report. Ongoing budget monitoring and management, of which this report forms part of the control environment, is a mitigating process to ensure early identification of variances and action is taken so that impacts to the workforce are minimised.

Options Considered

86. Budget monitoring forms part of the financial control environment and it is important to provide reporting on all aspects of financial management and performance to Cabinet and the public, including delivery to plans, variances and risks and impacts.

Conclusions

87. The report supports effective decision making and ensures a sound financial control environment.

Andy Brown (Corporate Director Resources & Deputy Chief Executive (S.151 Officer)),

Report Authors:

Andy Brown, Corporate Director Resource and Section 151 Officer
Lizzie Watkin, Assistant Director Finance and Deputy Section 151 Officer

Leanne Sykes, Head of Finance, Place, Resources & Financial Planning, leanne.sykes@wiltshire.gov.uk
Marie Taylor, Head of Finance, Children & Education, marie.taylor@wiltshire.gov.uk
Sarah Rose, Head of Finance, Adults, sarah.rose@wiltshire.gov.uk
Louise Cary, Head of Capital Projects, louise.cary@wiltshire.gov.uk

Appendices
Appendix A: Capital Programme Budget Movements 2022/23 Quarter Three
Appendix B: Capital Programme Adjustments Quarter Three 2022/23

Background Papers

The following documents have been relied on in the preparation of this report:

Financial Year 2022/23 – Quarter Two Capital Budget Monitoring – Cabinet 29 November 2022
Wiltshire Council

Wiltshire Council's Financial Plan Update 2022/23, Medium Term Financial Strategy 2022/23-2024/25 - Full Council, 15 February 2022
Agenda for Council on Tuesday 15 February 2022, 10.30 am | Wiltshire Council

Appendix A: Capital Programme Budget Movements 2022/23 Quarter Three (page 1)

Scheme Name	Quarter 2 Budget	Budget Movements between Schemes	Additional Budgets added to the Programme (Appendix B)	Reduced Budgets (Appendix B)	Budgets reprogrammed from 2022/2023 into future years (Appendix B)	Revised Budget
	Capital Programme Budget Movements 2022/2023 Quarter 3					
	£m	£m	£m	£m	£m	£m
Whole Life Pathway						
Sensory Stimulation & Development Play Equipment	0.020	0.000	0.000	0.000	0.000	0.020
Whole Life Pathway Total	**0.020**	**0.000**	**0.000**	**0.000**	**0.000**	**0.020**
Ageing & Living Well						
Disabled Facilities Grants	2.700	0.000	0.000	0.000	0.000	2.700
Ageing & Living Well Total	**2.700**	**0.000**	**0.000**	**0.000**	**0.000**	**2.700**
Education & Skills						
Access and Inclusion	0.126	0.000	0.000	0.000	(0.050)	0.076
Army Rebasing	0.012	0.000	0.000	0.000	0.000	0.012
Basic Need	6.896	0.000	0.617	0.000	(0.450)	7.063
Stonehenge School Replacement of Lower Block	3.638	0.000	0.000	0.000	(1.100)	2.538
Devolved Formula Capital	0.629	0.000	0.029	0.000	0.000	0.658
Schools Maintenance & Modernisation	5.347	0.000	0.001	0.000	(0.170)	5.178
Early Years & Childcare	0.558	0.000	0.000	0.000	(0.526)	0.032
Early Years Buildings	0.121	0.000	0.000	0.000	0.000	0.121
DfE Funded SEN Specialist Placement Expansion	0.003	(0.003)	0.000	0.000	0.000	0.000
Silverwood Special School	16.712	0.003	0.000	0.000	0.000	16.715
SAIL Free Special School Abnormal Costs	0.350	0.000	0.000	(0.350)	0.000	0.000
SEND Special School Capacity & Alternative Provision	0.403	0.000	0.000	0.000	0.000	0.403
High Needs Provision Capital Allowance	3.617	0.000	0.000	0.000	0.000	3.617
Education & Skills Total	**38.412**	**0.000**	**0.647**	**(0.350)**	**(2.296)**	**36.413**
Families & Children's Service						
Childrens Homes	1.500	0.000	0.000	(0.400)	0.000	1.100
Families & Children's Total	**1.500**	**0.000**	**0.000**	**(0.400)**	**0.000**	**1.100**
Corporate Director - People	**42.632**	**0.000**	**0.647**	**-0.750**	**-2.296**	**40.233**

Appendix A: Capital Programme Budget Movements 2022/23 Quarter Three (page 2)

Scheme Name	Quarter 2 Budget	Budget Movements between Schemes	Additional Budgets added to the Programme (Appendix B)	Reduced Budgets (Appendix B)	Budgets reprogrammed from 2022/2023 into future years (Appendix B)	Revised Budget
	Capital Programme Budget Movements 2022/2023 Quarter 3					
	£m	£m	£m	£m	£m	£m
Finance						
Corporate	1.071	(0.800)	0.000	0.000	0.000	0.271
Covid 19 Capital	0.000	0.000	0.000	0.000	0.000	0.000
Evolve Project	5.376	0.000	0.000	0.000	(1.630)	3.746
Finance Total	**6.447**	**(0.800)**	**0.000**	**0.000**	**(1.630)**	**4.017**
Assets & Commercial Development						
Affordable Housing including Commuted Sums	0.536	0.000	0.000	0.000	0.000	0.536
Capital Receipt Enhancement	1.268	0.000	0.516	0.000	(0.600)	1.184
Commercial - Commercial Investment	0.998	0.000	0.000	0.000	(0.998)	0.000
Lackham College Land Purchase	1.300	0.000	0.000	0.000	0.000	1.300
Depot & Office Strategy	2.455	0.800	0.000	0.000	0.000	3.255
Facilities Management Operational Estate	4.206	0.000	0.000	0.000	0.300	4.506
Gypsies and Travellers Projects	0.150	0.000	0.000	0.000	0.000	0.150
Housing Infrastructure Fund (HIF)	9.377	0.000	0.000	0.000	0.000	9.377
Porton Science Park	5.557	0.000	0.000	0.000	(1.400)	4.157
Health and Wellbeing Centres - Live Schemes	7.165	0.000	0.000	0.000	(1.154)	6.011
Non-Commercial Property Purchases	0.134	0.000	0.000	0.000	0.000	0.134
North Wiltshire Schools PFI Playing Fields	0.000	0.000	0.000	0.000	0.000	0.000
Property Carbon Reduction Programme	3.276	0.000	0.000	0.000	(0.430)	2.846
Park & Ride Solar Panel Canopys	0.300	0.000	0.000	0.000	0.000	0.300
Public Sector Decarbonisation Scheme Projects	0.073	0.000	0.000	0.000	0.000	0.073
Salisbury Central Car Park & Maltings	0.001	0.000	0.000	0.000	0.000	0.001
Facilities Management Investment Estate	0.630	0.000	0.000	0.000	0.000	0.630
Social Care Infrastructure & Strategy	0.034	0.000	0.000	0.000	0.000	0.034
Assets & Commercial Development Total	**37.460**	**0.800**	**0.516**	**0.000**	**(4.282)**	**34.494**
Capital Loans						
Stone Circle Housing Company Loan	10.833	0.000	0.000	0.000	0.000	10.833
Stone Circle Development Company Loan	2.350	0.000	0.000	0.000	0.000	2.350
Capital Loans Total	**13.183**	**0.000**	**0.000**	**0.000**	**0.000**	**13.183**
Information Services						
ICT Applications	3.045	0.000	0.000	0.000	0.000	3.045
ICT Business as Usual	1.514	0.000	0.000	0.000	0.000	1.514
ICT Other Infrastructure	0.830	0.000	0.000	0.000	0.000	0.830
ICT Get Well	0.952	0.000	0.000	0.000	0.000	0.952
Microsoft Cloud Navigator	0.148	0.000	0.000	0.000	0.000	0.148
Information Services Total	**6.489**	**0.000**	**0.000**	**0.000**	**0.000**	**6.489**
Corporate Director - Resources	**63.579**	**0.000**	**0.516**	**0.000**	**-5.912**	**58.183**

Appendix A: Capital Programme Budget Movements 2022/23 Quarter Three (page 3)

Scheme Name	Quarter 2 Budget	Budget Movements between Schemes	Additional Budgets added to the Programme (Appendix B)	Reduced Budgets (Appendix B)	Budgets reprogrammed from 2022/2023 into future years (Appendix B)	Revised Budget
	Capital Programme Budget Movements 2022/2023 Quarter 3					
	£m	£m	£m	£m	£m	£m
Highways & Transport						
Churchyards & Cemeteries	0.028	0.000	0.000	0.000	0.000	0.028
CIL Funded Schemes	0.053	0.000	0.000	0.000	0.000	0.053
Parking Contactless Machines	0.127	0.000	0.000	0.000	0.000	0.127
Fleet Vehicles	2.711	0.000	0.000	0.000	0.000	2.711
Integrated Transport	3.490	0.000	0.404	0.000	0.000	3.894
Local Highways and Footpath Improvement Groups	1.345	0.000	0.011	0.000	0.000	1.356
LED Street Lighting	0.762	0.000	0.000	0.000	0.000	0.762
Major Road Network (MRN)	0.000	0.000	0.000	0.000	0.000	0.000
Structural Maintenance & Bridges	21.811	0.000	0.054	0.000	0.000	21.865
Churchfields Depot Drainage and Traffic Management	0.081	0.000	0.000	0.000	0.000	0.081
Passenger Transport RTPI	0.692	0.000	0.000	0.000	0.000	0.692
Drainage Improvements	0.500	0.000	0.000	0.000	0.000	0.500
Major Road Network M4 Junction 17	1.007	0.000	0.000	0.000	(0.717)	0.290
A338 Salisbury Junction Improvements MRN	0.059	0.000	0.000	0.000	0.000	0.059
A350 Chippenham Bypass (Ph 4&5) MRN	1.091	0.000	0.000	0.000	0.000	1.091
A3250 Melksham Bypass LLM - Full Scheme	1.825	0.000	0.000	0.000	(1.607)	0.218
Highways & Transport Total	**35.582**	**0.000**	**0.469**	**0.000**	**(2.324)**	**33.727**
Economy & Regeneration						
Boscombe Down	0.000	0.000	0.000	0.000	0.000	0.000
Chippenham Station HUB	0.204	0.000	0.000	0.000	0.000	0.204
Corsham Mansion House	0.048	0.000	0.000	0.000	0.000	0.048
Salisbury Future High Streets	4.815	0.000	0.000	0.000	(3.691)	1.124
Trowbridge Future High Streets	5.024	0.000	0.000	0.000	0.000	5.024
West Ashton Urban Extension Project	8.784	0.000	0.000	0.000	(4.199)	4.585
Carbon Reduction Projects	0.070	0.000	0.000	0.000	0.000	0.070
Wiltshire Ultrafast Broadband	0.063	0.000	0.000	0.000	0.000	0.063
Wiltshire Online	0.829	0.000	0.000	0.000	0.000	0.829
Economy & Regeneration Total	**19.837**	**0.000**	**0.000**	**0.000**	**(7.890)**	**11.947**
Environment						
Waste Services	1.117	0.000	0.000	0.000	(0.354)	0.763
HRC Savings Infrastructure	0.100	0.000	0.000	0.000	0.000	0.100
Environment Total	**1.217**	**0.000**	**0.000**	**0.000**	**(0.354)**	**0.863**
Leisure Culture & Communities						
Area Boards and LPSA PRG Reward Grants	0.642	0.000	0.000	0.000	0.000	0.642
Community Projects	0.000	0.000	0.000	0.000	0.000	0.000
Fitness Equipment for Leisure Centres	0.200	0.000	0.000	0.000	(0.136)	0.064
Libraries - Self Service	0.250	0.000	0.000	0.000	(0.129)	0.121
Other Schemes including cross cutting systems	0.019	0.000	0.000	0.000	0.000	0.019
Trowbridge Leisure Centre	0.500	0.000	0.000	0.000	(0.400)	0.100
Leisure Requirements	0.496	0.000	0.000	0.000	(0.346)	0.150
Leisure Culture & Communities Total	**2.107**	**0.000**	**0.000**	**0.000**	**(1.011)**	**1.096**
Corporate Director - Place	**58.743**	**0.000**	**0.469**	**0.000**	**(11.579)**	**47.633**
2022/2023 Capital Programme General Fund Total	**164.954**	**0.000**	**1.632**	**(0.750)**	**(19.787)**	**146.049**

Appendix A: Capital Programme Budget Movements 2022/23 Quarter Three (page 4)

Scheme Name	Quarter 2 Budget	Budget Movements between Schemes	Additional Budgets added to the Programme (Appendix B)	Reduced Budgets (Appendix B)	Budgets reprogrammed from 2022/2023 into future years (Appendix B)	Revised Budget
	Capital Programme Budget Movements 2022/2023 Quarter 3					
	£m	£m	£m	£m	£m	£m
Housing Revenue Account						
HRA - Council House Build Programme	0.038	0.000	0.000	0.000	0.000	0.038
HRA - Council House Build Programme (Phase 2)	1.552	0.000	0.000	0.000	0.000	1.552
HRA - Council House Build Programme (Phase 3.1)	6.496	0.000	0.000	0.000	0.045	6.541
HRA - Council House Build Programme (Phase 3.2)	1.157	0.000	0.000	0.000	0.000	1.157
HRA - Council House Build Programme (Phase 3.3)	3.436	0.000	0.000	0.000	(0.579)	2.857
HRA - Refurbishment of Council Stock	14.275	0.000	0.000	0.000	(0.242)	14.033
Housing Revenue Account Total	**26.954**	**0.000**	**0.000**	**0.000**	**(0.776)**	**26.178**
2022/2023 Capital Programme General Fund and Housing Revenue Account Total	**191.908**	**0.000**	**1.632**	**(0.750)**	**(20.563)**	**172.227**

Appendix B: Capital Programme Re-programming Quarter Three 2022/23 (Page 1)

CHIEF FINANCE OFFICER (CFO) - EXERCISE OF DELEGATED POWERS & REQUESTS FOR ADDITIONAL RESOURCES WITHIN THE CAPITAL PROGRAMME

Cabinet Meeting	**31-Jan-23**
Financial Year:	**2022/23**

SECTION 2 - DELEGATED CFO POWERS

"Schemes within the capital programme which require the reprogramming of expenditure between years due to scheme not progressing as originally anticipated or other circumstances"

Project Name:	Major Road Network M4 Junction 17		**Reason:**	To allow for expected delay in DfT approval of OBC			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.717	0.717	0.000	0.000	0.000	0.000	0.000
Funding Source:	DfT Grant						

Project Name:	A3250 Melksham Bypass LLM - Full Scheme		**Reason:**	Reprofile to reflect delay in scheme for outcome of National Highways M4 to Dorset Coast Connectivity Study.			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-1.607	0.064	0.581	0.581	0.580	-0.100	-0.100
Funding Source:	DfT Grant						

Project Name:	Early Years & Childcare - BOA provision		**Reason:**	Revised timetable of likely scheme start date			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.194	0.194	0.000	0.000	0.000	0.000	0.000
Funding Source:	S106 Funded						

Project Name:	Early Years & Childcare - Corsham/Rudloe Project		**Reason:**	Revised timetable of likely scheme start date			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.178	0.178	0.000	0.000	0.000	0.000	0.000
Funding Source:	S106 Funded						

Project Name:	HRA - Council House Build Programme (Phase 3.		**Reason:**	Reprofile to meet anticipated spend			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	0.045	-0.045	0.000	0.000	0.000	0.000	0.000
Funding Source:	HRA						

Project Name:	Early Years & Childcare - Bradley Road Trowbridg		**Reason:**	Revised timetable of likely scheme start date			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.154	0.154	0.000	0.000	0.000	0.000	0.000
Funding Source:	S106 Funded						

Project Name:	CHBP Phase 3.3		**Reason:**	Reprofiled spend plan			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.579	0.579	0.000	0.000	0.000	0.000	0.000
Funding Source:	HRA						

Project Name:	Waste - Wheelie Bins & Digesters		**Reason:**	Reprofiling surplus in year budget to reflect future demand / material price increases			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.333	0.083	0.083	0.083	0.083	0.000	0.000
Funding Source:	S106 / Borrowing						

Project Name:	Porton Science Park		**Reason:**	Grow-on space fit out for tenant now not scheduled to begin until next year			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-1.400	1.400	0.000	0.000	0.000	0.000	0.000
Funding Source:	Borrowing						

Appendix B: Re-programming Quarter Three 2022/23 (Page 2)

Project Name:	Trowbridge Leisure Centre		**Reason:**	Delayed / pushed back start to construction project			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.400	-13.700	-9.200	15.000	7.300	1.000	0.000
Funding Source:	Borrowing						
Project Name:	Waste Services - Recycling Boxes		**Reason:**	Forecast spend now at 42% reflecting reduced demand			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.021	0.000	0.021	0.000	0.000	0.000	0.000
Funding Source:	S106/Borrowing						
Project Name:	Leisure Requirements		**Reason:**	Reprofile to reflect current anticipated spend			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.346	0.346	0.000	0.000	0.000	0.000	0.000
Funding Source:	Borrowing						
Project Name:	Fitness Equipment for Leisure Centres		**Reason:**	Reprofile to reflect current anticipated spend			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.136	0.136	0.000	0.000	0.000	0.000	0.000
Funding Source:	Borrowing						
Project Name:	Libraries - Self Service		**Reason:**	Reprofile in line with latest projection			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.129	0.129	0.000	0.000	0.000	0.000	0.000
Funding Source:	0						
Project Name:	Health & Wellbeing Centres Live Schemes - West		**Reason:**	Reprofile forecast costs in year			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.004	0.004	0.000	0.000	0.000	0.000	0.000
Funding Source:							
Project Name:	Health & Wellbeing Centres Live Schemes - RWB		**Reason:**	Reprofile forecast costs in year			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.098	0.098	0.000	0.000	0.000	0.000	0.000
Funding Source:	Borrowing						
Project Name:	Health & Wellbeing Centres Live Schemes - Tidw		**Reason:**	Reprofile forecast costs in year			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.054	0.054	0.000	0.000	0.000	0.000	0.000
Funding Source:	Borrowing						
Project Name:	Health & Wellbeing Centres Live Schemes - Calne		**Reason:**	Reprofiled to match current forecast			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.014	0.014	0.000	0.000	0.000	0.000	0.000
Funding Source:	Borrowing						
Project Name:	Health & Wellbeing Centres Live Schemes - Camp		**Reason:**	Slippage of 22/23 surplus general campus budget			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.984	0.984	0.000	0.000	0.000	0.000	0.000
Funding Source:	Borrowing						
Project Name:	West Ashton Urban Extension		**Reason:**	Profiled against grant drawdown in year			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-4.199	4.199	0.000	0.000	0.000	0.000	0.000
Funding Source:	Grant						
Project Name:	HRA - Miscellaneous General		**Reason:**	Reprofiled against spend projection in-year			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.242	0.242	0.000	0.000	0.000	0.000	0.000
Funding Source:	HRA						
Project Name:	Property Carbon Reduction Programme - Salisbur		**Reason:**	Project delayed until 23/24			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.140	0.140	0.000	0.000	0.000	0.000	0.000
Funding Source:	Borrowing						
Project Name:	Property Carbon Reduction Programme - Melksha		**Reason:**	Works are pending construction currently taking place			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.290	0.290	0.000	0.000	0.000	0.000	0.000
Funding Source:	Borrowing						
Project Name:	Commercial - Commercial Investment		**Reason:**	No further purchases to take place this year			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.998	0.998	0.000	0.000	0.000	0.000	0.000
Funding Source:	Borrowing funded by Revenue Saving						

Appendix B: Re-programming Quarter Three 2022/23 (Page 3)

Project Name:	Facilities Management Operational Estate		**Reason:**	Car park allocation monies required sooner than anticipated			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	0.300	-0.300	0.000	0.000	0.000	0.000	0.000
Funding Source:	Borrowing						
Project Name:	Capital Receipt Enhancement - Melksham Blue P(		**Reason:**	Demolition now scheduled for 23/24			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.600	0.600	0.000	0.000	0.000	0.000	0.000
Funding Source:	Borrowing						
Project Name:	Basic Need - Additional Accommodation		**Reason:**	Reprofile in line with expected spend in year			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.450	0.450	0.000	0.000	0.000	0.000	0.000
Funding Source:	DfE Grant						
Project Name:	Access & Inclusion		**Reason:**	Reprofile in line with expected spend in year			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.050	0.050	0.000	0.000	0.000	0.000	0.000
Funding Source:	Borrowing						
Project Name:	Stonehenge Sch Replace Lower Block		**Reason:**	Reprofile in line with revised construction timetable			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-1.100	1.100	0.000	0.000	0.000	0.000	0.000
Funding Source:	DfE Grant / CIL / Borrowing						
Project Name:	Evolve Project		**Reason:**	Spend reprofiled to reflect delays to project completion date			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-1.631	1.631	0.000	0.000	0.000	0.000	0.000
Funding Source:	Borrowing						
Project Name:	Schools Maintenance & Modernisation - NDS Mod		**Reason:**	Slippage to reflect likely spend in year			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.100	0.100	0.000	0.000	0.000	0.000	0.000
Funding Source:	DfE Grant						
Project Name:	Schools Maintenance & Modernisation -NDS Mod(		**Reason:**	Slippage to reflect likely spend in year			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-0.070	0.070	0.000	0.000	0.000	0.000	0.000
Funding Source:	DfE Grant						
Project Name:	Salisbury Future High Streets - Station Forecourt		**Reason:**	Delays caused by Network Rail approvals & consents			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-2.376	2.376	0.000	0.000	0.000	0.000	0.000
Funding Source:	Future High St Fund grant						
Project Name:	Salisbury Future High Streets - Transform Access		**Reason:**	Delays caused by Network Rail approvals & consents			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	-1.315	1.315	0.000	0.000	0.000	0.000	0.000
Funding Source:	Future High St Fund grant						
Project Name:	High Needs Capital Provision		**Reason:**	Adjustment to the spend profile of 22/23 grant			
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	0.000	-0.400	0.400	0.000	0.000	0.000	0.000
Funding Source:	DfE grant						
Total Re-programming between years	**-20.563**	**4.250**	**-8.114**	**15.665**	**7.964**	**0.900**	**-0.100**

In the exercise of my delegated powers (Section 1 and 2), I hereby authorise the amendments to the Capital Programme summarised above.

CHIEF FINANCE OFFICER: Andy Brown

DATE: Jan-23

CHIEF FINANCE OFFICER (CFO) - EXERCISE OF DELEGATED POWERS & REQUESTS FOR ADDITIONAL RESOURCES WITHIN THE CAPITAL PROGRAMME

Cabinet Meeting	**31-Jan-23**
Financial Year:	**2022/23**

SECTION 1 - DELEGATED CFO POWERS

"Adjustment/addition of scheme in the capital programme which has no effect on the net funding position of the i.e. Additional resources available in the form of Grant, Section 106 contributions etc which fund the addition, "

Project Name:	Basic Need					
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
	0.617	0.000	0.000	0.000	0.000	0.000
Funding Source:	S106 Education contribution					
Reason for movement:	Contribution to Bishops Cannings PS works					
Project Name:	Schools Maintenance & Modernisation					
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
	0.001	0.000	0.000	0.000	0.000	0.000
Funding Source:	Westbury Infants Contribution					
Reason for movement:	Contribution from school to some elements of works					
Project Name:	Early Years & Childcare					
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
	0.000	0.053	0.000	0.000	0.000	0.000
Funding Source:	S106 Early Years Contribution					
Reason for movement:	Drawdown of funds for Westbury EY Provision					
Project Name:	Early Years & Childcare					
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
	0.000	0.036	0.000	0.000	0.000	0.000
Funding Source:	S106 Early Years Contribution					
Reason for movement:	Drawdown of funds for Trowbridge EY Provision					
Project Name:	Devolved Formula Capital - Old Wardour Connect the Class					
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
	0.019	0.000	0.000	0.000	0.000	0.000
Funding Source:	DfE Connect Grant					
Reason for movement:	Funds in for specified school					
Project Name:	Devolved Formula Capital - Gomeldon Connect the Class					
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
	0.010	0.000	0.000	0.000	0.000	0.000
Funding Source:	DfE Connect Grant					
Reason for movement:	Funds in for specified school					

Appendix B: Capital Programme Additions Quarter Three 2022/23 (Page 2)

Project Name:	Local Highway Footway Improvement Groups					
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
	0.011	0.000	0.000	0.000	0.000	0.000
Funding Source:	Parish & Town Council Contributions					
Reason for movement:	New contributions to schemes received					
Project Name:	Structural Maintenance & Bridges					
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
	0.055	0.000	0.000	0.000	0.000	0.000
Funding Source:	Insurance Income					
Reason for movement:	Insurance pay out for Bridge repair works back to general Bridges line					
Project Name:	Integrated Transport					
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
	0.404	0.000	0.000	0.000	0.000	0.000
Funding Source:	S106 contributions					
Reason for movement:	Developer contributions to Hilperton Active Travel Scheme					
Project Name:	Childrens Homes					
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
	0.000	0.484	0.000	0.000	0.000	0.000
Funding Source:	DfE Grant					
Reason for movement:						
Project Name:	Childrens Homes					
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
	0.000	0.446	0.000	0.000	0.000	0.000
Funding Source:	DfE Grant					
Reason for movement:	DfE grant Lot 2 Childrens Homes Capital					
Project Name:	Capital Receipt Enhancement					
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
	0.516	0.000	0.000	0.000	0.000	0.000
Funding Source:	Capital Receipts					
Reason for movement:	Ashlea Resource Centre add funds to prepare for 2:1 merge					
Total Delegated Changes Approved by Section 151 Officer	**1.633**	**1.019**	**0.000**	**0.000**	**0.000**	**0.000**

In the exercise of my delegated powers (Section 1 and 2), I hereby authorise the amendments to the Capital Programme summarised above.

CHIEF FINANCE OFFICER: Andy Brown

DATE: Jan-23

Appendix B: Capital Programme Reductions Quarter Three 2022/23 (Page 1)

CHIEF FINANCE OFFICER (CFO) - EXERCISE OF DELEGATED POWERS & REQUESTS FOR ADDITIONAL RESOURCES WITHIN THE CAPITAL PROGRAMME

Cabinet Meeting	**31-Jan-23**
Financial Year:	**2022/23**

SECTION 2 - DELEGATED CFO POWERS

"Schemes within the capital programme which require the reprogramming of expenditure between years due to scheme not progressing as originally anticipated or other circumstances"

Project Name:	Abnormal Costs in Dev. of SEND Free Sch		**Reason:**	No abnormals now expected to project		
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
	-0.350	0.000	0.000	0.000	0.000	0.000
Funding Source:	Borrowing					
Project Name:	Integrated Transport		**Reason:**	A contribution invoice was raised for the wrong amount to a Parish Council		
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
	0.000	0.000	0.000	0.000	0.000	0.000
Funding Source:	Parish Council contribution					
Project Name:	A338 Salisbury Junction Improvements MRN		**Reason:**	Overall budget reduced to reflect smaller scheme being developed and removal of DfT MRN funding.		
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
	0.000	0.000	-9.062	-4.114	0.000	0.000
Funding Source:	Parish Council contribution					
Project Name:	Childrens Homes		**Reason:**	Borrowing reduced after securing DfE grant funding		
Budget Change:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
	-0.400	0.000	0.000	0.000	0.000	0.000
Funding Source:	DfT MRN Grant removed					
Total Re-programming between years	**-0.750**	**0.000**	**-9.062**	**-4.114**	**0.000**	**0.000**

In the exercise of my delegated powers (Section 1 and 2), I hereby authorise the amendments to the Capital Programme summarised above.

CHIEF FINANCE OFFICER: Andy Brown

DATE: Jan-23

This page is intentionally left blank

Wiltshire Council

Cabinet

31 January 2023

Subject: **Treasury Management Strategy 2023/24**

Cabinet member: **Councillor Nick Botterill – Cabinet Member for Finance, Development Management and Strategic Planning**

Key Decision: **Non Key**

Executive Summary

This report presents the Treasury Management Strategy for 2023/24 including:

a) Prudential and Treasury Indicators for the next three years

b) Debt management decisions required for 2023/24 that do not feature within the Prudential or Treasury Indicators (paragraphs 57 to 60)

c) Minimum Revenue Provision Policy 2023/24

d) Annual Investment Strategy for 2023/24

This report has been prepared in accordance with CIPFA Code of Practice for Treasury Management in Public Services 2017. Any relevant changes within the code of practice have been reflected within the Treasury Management Strategy 2023/24.

Proposals

The Cabinet is requested to recommend that the Council:

a) Adopt the Minimum Revenue Provision Policy (paragraph 26 – 28)

b) Adopt the Prudential and Treasury Indicators (paragraphs 17 – 25, 40 – 46 and Appendix A)

c) Adopt the Annual Investment Strategy (paragraph 63 onwards).

d) Delegate to the Corporate Director of Resources & Deputy Chief Executive (S151 Officer) the authority to vary the amount of borrowing and other long-term liabilities within the Treasury Indicators for the Authorised Limit and the Operational Boundary

e) Authorise the Corporate Director of Resources & Deputy Chief Executive (S151 Officer) to agree the restructuring of existing long-term loans where savings are achievable or to enhance the long-term portfolio

f) Agree that short term cash surpluses and deficits continue to be managed through temporary loans, deposits and money market funds

g) Agree that any surplus cash balances not required to cover borrowing are placed in the most appropriate specified or non-specified investments, particularly where this is more cost effective than short term deposits; and delegate to the Corporate Director of Resources & Deputy Chief Executive (S151 Officer) the authority to select such funds

h) Agree the revised Investment Policy (paragraph 70)

i) Agree the revised Creditworthiness Policy (paragraph 77)

Reasons for Proposals

To enable the Council to agree a Treasury Management Strategy for 2023/24 and set Prudential Indicators that comply with statutory guidance and reflect best practice.

Andy Brown
Corporate Director of Resources, Deputy Chief Executive (S151 Officer)

Terence Herbert
Chief Executive

Wiltshire Council

Cabinet

31 January 2023

Subject: **Treasury Management Strategy 2023/24**

Cabinet member: **Councillor Nick Botterill – Cabinet Member for Finance, Development Management and Strategic Planning**

Key Decision: **Non Key**

PURPOSE OF REPORT

1. This report asks the Cabinet to consider and recommend that the Council approve the Prudential and Treasury Indicators, together with the Treasury Management Strategy for 2023/24.

Background

2. The Council is required to operate a balanced budget. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in appropriately risk assessed counterparties or instruments commensurate within the Council's risk appetite set out in the Strategy, providing adequate liquidity initially before considering investment return.

3. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

4. The contribution that the treasury management function makes to the Council is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day to day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and

balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

5. CIPFA defines treasury management as:

   "The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

6. Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities. Further details on non-financial investments are given in the Capital Strategy 2023/24.

Reporting Requirements - Capital Strategy

7. The CIPFA 2021 Prudential and Treasury Management Codes require for, all local authorities to prepare a Capital Strategy report, which will provide the following,

   - a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
   - an overview of how the associated risk is managed
   - the implications for future financial sustainability

8. The aim of the capital strategy is to ensure that members fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite. This report is included as part of the budget papers presented to Cabinet on 31 January 2023, and Full Council on 21 February 2023.

Reporting Requirements – Treasury Management Reporting

9. Each year, the Council is required to receive and approve, as a minimum, three main reports, which incorporate a variety of policies, estimates and actuals.

   a) Treasury Management Strategy Statement including prudential and treasury indicators, which covers the following,
      - the capital plans (including prudential indicators);
      - a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
      - the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and

- an investment strategy (the parameters on how investments are to be managed).

b) Mid-year Treasury Management Report, which will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c) Annual Treasury Report, which is an outturn position document that provides details of actual performance against a selection of prudential and treasury indicators and actual treasury operational performance compared to the estimates within the strategy for the financial year.

Treasury Management Strategy 2023/24

10. The strategy for 2023/24 covers two main areas,

Capital Issues
- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury Management Issues
- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

11. These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

Training

12. The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

13. The training needs of treasury management officers are periodically reviewed. General treasury, and subject specific, training is provided by the Council's treasury managers, which is attended by members of the treasury team. Opportunities for further officer development will be explored in the new year.

Treasury Management Consultants

14. The Council uses Link Group, Link Treasury Services Limited, as its external treasury management advisors.

15. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

16. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

Capital Prudential Indicators (2023/24 – 2025/26)

17. The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital Expenditure and Financing

18. This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. The Capital Programme 2023/24 will be submitted to Cabinet and Council in February 2023. The estimates for future years are based on indicative figures, as part of the Capital Programme, and are therefore subject to change.

Capital Expenditure	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
General Fund	86.452	132.866	147.249	132.472	119.201
Housing Revenue Account (HRA)	16.120	26.178	30.580	48.772	39.039
Commercial Activities/Non-financial investments*	8.560	13.183	21.298	24.835	10.019
Total	**111.132**	**172.227**	**199.127**	**206.079**	**168.259**

* Commercial activities/non-financial investments relate to loans to Stone Circle.

19. The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of Capital Expenditure	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Capital Grants & Contributions	52.686	65.984	70.737	80.899	53.527
Capital Receipts	4.346	6.845	1.725	0.250	0.250
Revenue	1.084	0.000	0.000	0.000	0.000
Other (includes CIL/S106 contributions)	0.368	7.253	7.716	9.751	4.376
HRA	13.230	2.103	12.580	32.772	39.039
Total Financing (non-borrowing)	**71.714**	**82.185**	**92.758**	**123.672**	**97.192**
Net Financing Need – General Fund	39.418	71.042	88.369	66.407	71.067
Net Financing Need – HRA	0.000	19.000	18.000	16.000	0.000
Total Net Financing Need (Borrowing)	**39.418**	**90.042**	**106.369**	**82.407**	**71.067**
Total Capital Expenditure	**111.132**	**172.227**	**199.127**	**206.079**	**168.259**

The Council's Borrowing Need (the Capital Financing Requirement)

20. The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure which has not immediately been paid for, through a revenue or capital resources, will increase the CFR.

21. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with the asset life, and so charges the economic consumption of capital assets as they are used.

22. The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). While these increase the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility by the lease/PFI provider, and so the Council is not required to separately borrow for these schemes. The Council currently has £59.838m of such schemes within the CFR. The CFR projections are summarised in the table below,

	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
CFR – General Fund	481.304	531.667	597.951	632.410	669.113
CFR – HRA	99.864	118.864	136.864	152.864	152.864
Total CFR	**581.168**	**650.531**	**734.816**	**785.275**	**821.977**
Movement in CFR	**11.700**	**69.364**	**84.284**	**50.459**	**36.702**
Represented by					
Net Financing Need	39.418	90.042	106.369	82.407	71.067
Less MRP/VRP	(15.273)	(16.015)	(17.178)	(26.678)	(29.094)
Less Other Long Term Liabilities (PFI)	(4.445)	(4.663)	(4.907)	(5.271)	(5.271)
Less Other Financing Movements (inc HRA)	(8.000)	0.000	0.000	0.000	0.000
Movement in CFR	**11.700**	**69.364**	**84.284**	**50.459**	**36.702**

Liability Benchmark

23. A third and new prudential indicator for 2023/24 is the Liability Benchmark. The council is required to estimate and measure the liability benchmark for the forthcoming financial year and the following two financial years, as a minimum.

24. There are four components to the Liability Benchmark.

- Existing Loan Debt Outstanding – the Council's existing loans that are still outstanding in future years

- Loans CFR – this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.

- New Loans Requirement – this will show the Council's gross loan debt less treasury management investments at the last financial year end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cashflows forecast.

- Liability Benchmark (or gross loans requirement) this equals net loans requirement plus short term liquidity allowance

	Opening Balances £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
PWLB Loans	340.123	332.123	322.123	312.123	302.000
Market Loan (exc LOBOs)	28.434	26.803	25.172	23.541	22.014
LOBO Loans	40.000	40.000	40.000	40.000	40.000
Short Term Loans	0.000	0.000	0.000	0.000	0.000
Existing Loan Debt	**408.557**	**398.926**	**387.295**	**375.664**	**364.014**
Opening Loan Debt	408.557				
Less: Opening Treasury Investments	(219.504)				
Plus: Planned Borrowing		98.072	114.369	90.407	81.067
Less: MRP and Capital Receipt Set Aside		(16.015)	(17.178)	(26.678)	(29.094)
Adj: Other Forecast Cashflows		(4.663)	(4.907)	(5.270)	(5.270)
Net Loans Requirement	**189.053**	**266.447**	**358.731**	**417.190**	**474.433**
Opening Loans CFR	516.666				
Plus: Planned Borrowing		98.072	114.369	90.407	81.067
Less: MRP and Capital Receipts Set Aside		(16.015)	(17.178)	(26.678)	(29.094)
Loans CFR	**516.666**	**598.723**	**695.914**	**759.643**	**811.616**
Liquidity Allowance above Net Debt (Liquidity Buffer)	100.000	115.000	100.000	100.000	100.000
Liability Benchmark (Gross Loans Requirement)	**408.557**	**366.447**	**458.731**	**517.190**	**574.433**
Forecast Investments	**219.504**	**115.000**	**100.000**	**100.000**	**100.000**
(Over)/Under Liability Benchmark	**0.000**	**(17.479)**	**71.436**	**141.526**	**210.419**

25. Years where actual loans are less than the benchmark indicate a future borrowing requirement; any years where actual loans outstanding exceed the benchmark represent an overborrowed position, which will result in excess cash requiring investment.

Minimum Revenue Provision (MRP) Policy Statement

26. The minimum revenue provision (MRP) is the amount set aside for the repayment of the debt as a result of borrowings made to finance capital expenditure.

27. The Council is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonable commensurate with that over which the capital expenditure provides benefits. It is also allowed to undertake additional voluntary revenue payments (VRP) if required.

28. DLUHC regulations have been issued which require full Council to approve an MRP statement in advance of each year. The following MRP policy (section a to d) was approved in October 2017 following a full review. It is recommended that Council approves the same MRP policy for 2023/24.

    a. MRP for capital expenditure incurred wholly or partly by prudential borrowing or credit arrangements: equal Instalments to be determined by reference to the expected life of the asset. Asset life is deemed to begin once the asset becomes operational. MRP will commence from the financial year following the one in which the asset becomes operational.

    b. MRP in respect of prudential borrowing: equal Instalments taken to meet expenditure, which is treated as capital expenditure by virtue of either a capitalisation direction or regulations, will be determined in accordance with the asset life method as recommended by the statutory guidance.

    c. The Council retains the right to make additional voluntary payments to reduce debt if deemed prudent.

    d. Where the Council issues capital loans to third parties (including to its own commercial companies), the expectation is that the funds lent will be re-paid in full at a future date. Therefore, no MRP will set aside in respect of these loans. MRP will however need to be applied as appropriate if it is determined at any point that any such loan will not be re-paid in full. The position of each loan will be reviewed on an annual basis by the Chief Finance Officer.

Borrowing

29. The capital expenditure plans set out in paragraph 18 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury/prudential indicators, the current and projected debt positions and the annual investment strategy.

Current Portfolio Position

30. The overall treasury management portfolio as at 31 March 2022 and for the position as at 31 December 2022 are shown below for both borrowing and investments.

Treasury Portfolio				
	Actual 31/03/2022 £m	**Actual 31/03/2022 %**	**Current 31/12/2022 £m**	**Current 31/12/2022 %**
Treasury Investments				
Banks	129.684	59.08	150.105	67.30
Building Societies	10.000	4.56	20.000	8.97
Local Authorities	00.000	0.00	10.00	4.48
Money Market Funds	69.820	31.81	32.924	14.76
Property Fund	10.000	4.56	10.00	4.48
Total Treasury Investments	**219.504**	**100.00**	**223.029**	**100.00**
Treasury Borrowing				
PWLB	340.123	83.25	340.123	83.52
Market Loans	61.000	14.93	61.000	14.98
Salix	7.434	1.82	6.105	1.50
Total External Borrowing	**408.557**	**100.00**	**407.228**	**100.00**
Net Treasury Investments/ (Borrowing)	**(189.052)**		**(184.199)**	

31. The Council's forward projections for borrowing are summarised in the tables below. These tables show the actual external gross debt, against the underlying capital borrowing need (the CFR), highlighting any over or under borrowing, for both the general fund and the HRA.

External Debt General Fund	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Debt at 1 April	**231.327**	**314.557**	**312.926**	**397.664**	**460.440**
Actual/Estimated Change in Debt	80.400	(1.631)	84.738	62.776	69.417
Debt at 31 March	**314.557**	**312.926**	**397.664**	**460.440**	**529.857**
CFR	481.304	531.667	597.951	632.410	669.113
PFI Liability	64.502	59.838	54.931	49.661	44.390
Under/ (Over) Borrowing	**102.245**	**158.903**	**145.356**	**122.309**	**94.866**

External Debt HRA	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Debt at 1 April	**102.000**	**94.000**	**86.000**	**104.000**	**120.000**
Actual/Estimated Change in Debt	(8.000)	(8.000)	18.000	16.000	0.000
Debt at 31 March	**94.000**	**86.000**	**104.000**	**120.000**	**120.000**
CFR	99.864	118.864	136.864	152.864	152.864
Under/ (Over) Borrowing	**5.864**	**32.864**	**32.864**	**32.864**	**32.684**

32. Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

33. The Corporate Director of Resources & Deputy Chief Executive (S151 Officer) confirms that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This takes into account current commitments, existing plans, and the proposals in this report.

Stone Circle

34. Included in the planned capital programme are loans made to Stone Circle. The amounts are as follows.

Loans to Stone Circle	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
In year Capital Expenditure	8.560	13.183	21.298	24.835	10.019
Cumulative Year End Loan Balance	11.240	24.423	45.721	70.556	80.575

35. The Stone Circle loans have been funded entirely by borrowing, which will be funded by revenue savings generated through financial returns from the company, through mark up on the loans and through future dividends. As the Council has maintained an under borrowed position, this means that borrowing has not yet been undertaken to fund this element of the capital programme.

36. Borrowing undertaken to fund capital expenditure, including the loans to Stone Circle, is owned and financed by the Council, regardless of whether any income is received from third party investments. This creates additional credit risk for the Council.

37. The overall exposure from Stone Circle is limited to decisions already taken and agreed by full council (23 July 2019 – minute number 108 headed "Establishing local authority companies"), this includes the authority to borrow to support the programme.

38. As per the agreed policy, MRP is not being applied to this capital expenditure, as the associated debt is backed by the value of the Stone Circle assets. If the Stone Circle companies and the arrangement with them needs to be unwound, the Stone Circle assets would transfer to the Council, as assets of a wholly owned Council companies and their value would be used to repay any outstanding debt.

39. Any changes will be reported to cabinet and full council at the earliest opportunity.

Treasury Indicators: Limits to Borrowing Activity

Operational Boundary

40. The operational boundary is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under borrowing by other cash resources.

41. The operational boundary is based on a prudent estimate of the most likely maximum level of external borrowing for both capital expenditure and cash flow purposes, which is consistent with other budget proposals. The basis of the calculation for HRA borrowing 2023/24 is the HRA CFR.

Operational Boundary	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
General Fund Debt	556.331	622.858	657.681	694.383
HRA Debt	118.864	136.864	152.864	152.864
Other Long-Term Liabilities	0.200	0.200	0.200	0.200
Operational Boundary	**675.395**	**759.922**	**810.745**	**847.447**

Authorised Limit for External Debt

42. The authorised limit for debt is a key indicator which represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

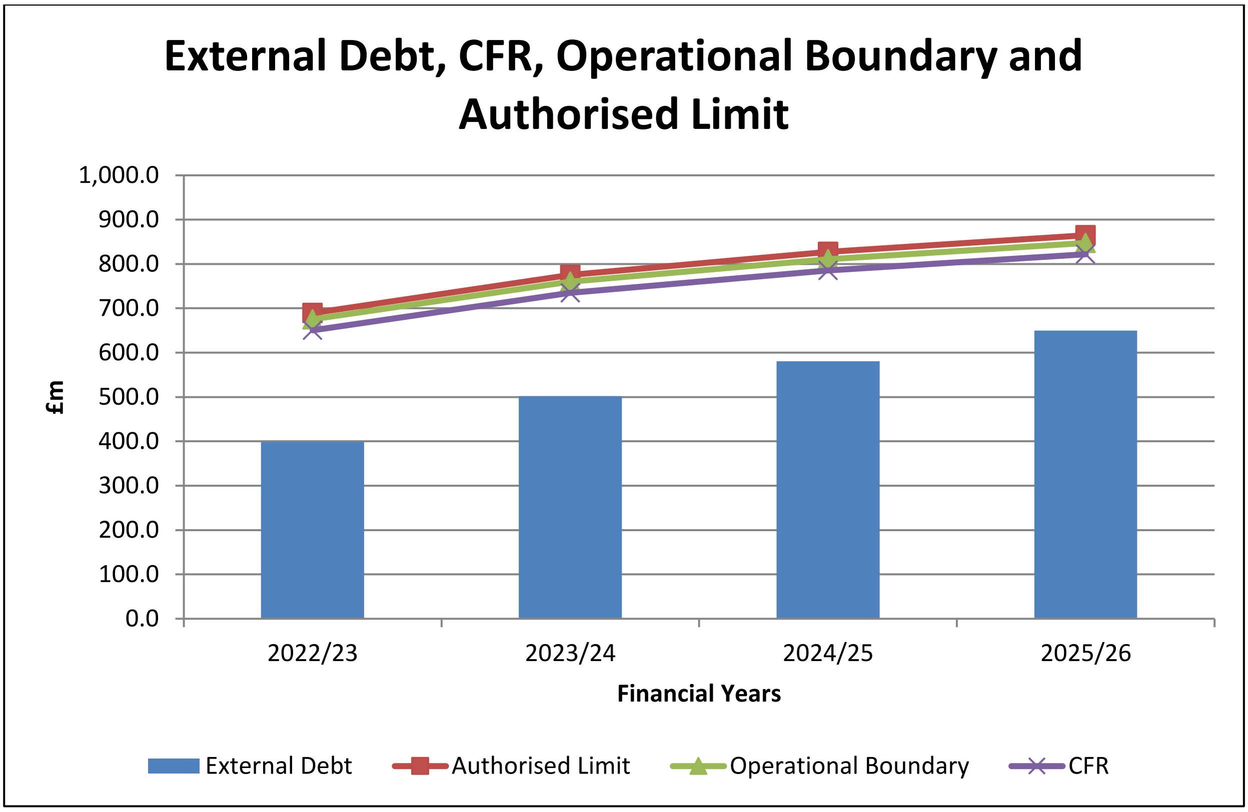
43. The authorised limit is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

44. The authorised limit is the operational boundary, including an allowance for unplanned and irregular cash movements. It is proposed that an allowance of 2.5% is continued for General Fund borrowing for 2023/24 to 2025/26, but this will be kept under review. The allowance provides for the possibility of additional borrowing during the year as a result of Government support for further schemes and provides headroom where the projection proves too optimistic (payments made earlier or receipt of income delayed against that forecast).

45. There is no allowance in respect of HRA borrowing, so it has been decided that this borrowing should not exceed the CFR.

Authorised Limit	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
General Fund Debt	570.239	638.430	674.123	711.743
HRA Debt	118.864	136.864	152.864	152.864
Other Long-Term Liabilities	0.200	0.200	0.200	0.200
Authorised Limit	**689.303**	**775.494**	**827.187**	**864.807**

46. The following bar/line graph shows external debt against the CFR, operation boundary and authorised limit.



Monitoring and Reporting of the Prudential Indicators

47. Progress will be monitored throughout the year, particularly against the two borrowing limits (operational boundary and authorised limit) above. Cabinet will be kept informed of any issues that arise, including potential or actual breaches.

48. The elements within the Authorised Limit and the Operational Boundary, for borrowing and other long-term liabilities require the approval of the Council. In order to give operational flexibility, members are asked to delegate to the Corporate Director of Resources & Deputy Chief Executive (S151 Officer), the ability to effect movements between the two elements where this is considered necessary. Any such changes will be reported to members.

Borrowing Strategy

49. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the CFR) has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow have been used as a temporary measure (internal borrowing). This strategy is prudent, as medium and longer dated borrowing rates are expected to fall form their current levels once prevailing inflation concerns are addressed by tighter near term monetary policy.

50. Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Corporate Director of Resources & Deputy Chief Executive (S151 Officer) will, through delegation and reporting, monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

a) if it was considered that there was a significant risk of a sharp fall in borrowing rates, then borrowing will be postponed.

b) if it was considered that there was a significant risk of a much sharper rise in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

51. Any decisions will be reported to Cabinet at the earliest meeting following the decision.

Rate and Timing of Borrowing

52. In 2023/24 two PWLB loans will mature and become repayable as follows,

- £2m in June 20213 (General Fund)
- £8m in March 2024 (HRA)

53. These loans may be refinanced depending on the Council's overall internal borrowing position, and the nature of the current economic climate

54. The timing of any borrowing is crucial in terms of interest rates and the potential to minimise interest costs. Prior to any actual borrowing the treasury team will, in conjunction with our treasury advisers, proactively manage the interest rate position, using all information available to inform the borrowing decision.

55. It is not always possible to obtain the lowest rates of interest, as there is a risk that unforeseen events can significantly alter the level of rates, however, ongoing active monitoring of rates will mitigate against this risk.

Short Term Cash Deficits

56. Temporary loans, where both the borrower and lender have the option to redeem the loan within twelve months, are used to offset short term revenue cash deficits. They may also be used to cover short term capital requirements until longer term loans become more cost effective. The majority of these loans will be at fixed interest rates, maturing on specific dates. The strategy is that the Council shall utilise temporary loans for any short-term cash deficits that arise in respect of revenue and/or capital.

Policy on Borrowing in Advance of Need

57. The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

58. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Debt Rescheduling

59. Rescheduling of current borrowing within the current debt portfolio is unlikely, as there is still a large difference between premature redemption rates and new borrowing rates.

60. Any rescheduling will be reported to members in a treasury report at the earliest meeting following its action.

Sources of Borrowing

61. Currently the PWLB certainty rate is set at gilts plus 80 basis points for both HRA and Non-HRA borrowing. However, consideration may still need to be given to funding from the following sources for the following reasons,

    a. Local Authorities – Primarily shorter dated maturities out to 3 years or so, as this is cheaper than the certainty rate
    b. Financial Institutions – Primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid the ‘cost of carry’ or to achieve refinancing certainty over the next few years

62. Our advisors will keep the Council informed as to the relative merits of each of these alternative funding sources.

Annual Investment Strategy

Investment Policy – Management of Risk

63. The DLUHC and CIPFA have extended the meaning of investments to include both financial and non-financial investments. This report deals solely with financial investments, (managed by the treasury management team). Non-financial investments, i.e. the purchase of income yielding assets, are covered in the Capital Strategy.

64. Council's investment policy has regard to the following,

- DLUHC Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code").
- CIPFA Treasury Management Guidance Notes 2021.

65. The Council's investment priorities will be security first, portfolio liquidity second, then yield (return). The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity and with regard to the Council's risk appetite.

66. In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider 'laddering' investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.

67. The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. The Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means,

    a) Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

    b) Other information ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as credit default swaps and overlay that information on top of the credit ratings.

c) Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

d) The Council has defined the list of types of investment instruments that the treasury management team are authorised to use. There are two lists in Appendix B under the categories of 'specified' and 'non-specified' investments.

    a) Specified Investments are those with a high level of credit quality and subject to a maturity limit of one year. Or have less than one year to run until maturity, if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.

    b) Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

e) Non-specified investments limit. The Council has determined that it will limit the maximum total exposure to non-specified investments to be £30m, in line with the limits for investments for longer than 365 days.

f) Lending Limits, (amounts and maturity) for each counterparty will be set through applying the matrix in paragraph 72 and 76.

g) The Council will set a limit for the amount of its investments which are invested for longer than 365 days (see paragraph 94)

h) Investments will only be placed with counterparties from countries with a specified minimum sovereign rating (see paragraph 78)

i) The Council has engaged external consultants (see paragraphs 14 - 16) to provide expert advice on how to optimise an appropriate balance on security, liquidity and yield, given the risk appetite of the Council in the context of the expected level of cash balances and need for liquidity throughout the year.

j) All investments will be denominated in sterling.

k) As a result of the change in accounting standards for 2022/23 under IFRS 9, the Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. The temporary override to IFRS 9 has been extended until 31 March 2025.

68. The Council will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance (see paragraph 95). Regular monitoring of investment performance will be carried out during the year.

Third Party Loans

69. The Council has the power to lend monies to third parties. Appendix F sets out the Council's framework within which it may consider advancing loans to third party organisations. This has been reviewed by officers, who have concluded that it is still relevant and fit for purpose.

Changes in Investment Policy from 2022/23

70. The following change has been made to the investment policy from the previous year.

- Lending limits have been clarified for some specified and non-specified investments where previously the TMSS had allowed for their use but had not clearly set out the maximum limit per individual institution (see Appendix B, paragraph 6).

Creditworthiness Policy

71. The Council applies the creditworthiness service provided by Link. This service employs a sophisticated modelling approach, utilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard & Poors. The credit ratings of counterparties are supplemented with the following overlays:
- Watches and outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

72. The above modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

Colour	Maximum Investment
Yellow	5 years
Dark Pink	5 years (for ultra-short dated bond funds with a credit score of 1.25)
Light Pink	5 years (for ultra-short dated bond funds with a credit score of 1.5)
Purple	2 years
Blue	1 year (only applies to nationalised or semi nationalised UK banks)
Orange	1 year
Red	6 months
Green	100 days
No colour	not to be used

73. The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

74. All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

75. Sole reliance will not be placed on the use of this external service. In addition, the Council will also use market data and market information, information on any external support for banks to help support its decision making process.

76. In addition to the above creditworthiness criteria, the following limits will be applied to the total cumulative investments placed with an individual institution (or group of institutions where there is common ownership):

Monetary Limit	Counterparties
Up to £30 m	Money Market Funds
Up to £15 m	Counterparties on the Link credit list with the following colour code, Orange – 12 months Blue – 12 months Purple – 24 months
	Multilateral development banks
	Local authorities and other public bodies
Up to £10 m	Counterparties on the Link credit list with the following colour code, Red – 6 months Green – 100 days
	UK Building societies
	Government backed overseas banks and their subsidiaries
	HSBC (for balances within the bank account, held on an overnight basis - to differentiate from above bank limit for fixed term deposits)

Changes in Creditworthiness Policy from 2022/23

77. The following change has been made to the creditworthiness policy from the previous year.

- Lending limits have been adjusted (and increased in some circumstances) to take account of the additional expertise and detailed economic research undertaken by the Link creditworthiness service.

- In addition to the creditworthiness criteria to determine the maximum maturity, the Council used to apply additional criteria to determine the maximum investment amount per counterparty, which was based on the ratings from Fitch (one of the main three ratings agencies)

- In order to reduce the reliance on one agency in particular, the Council will now determine the maximum amounts invested by using the colour criteria used by Link. This will mean that the Council can now invest £15m with some highly rated banks, when previously only £10m or £12m could be invested.

Other Limits

78. Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

a. Non-specified investment limit. The Council has determined that it will limit the maximum total exposure to non-specified investments as being £30m.

b. Country limit. The Council has determined that it will only use approved counterparties from the UK and countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix C. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

c. Other limits. Limits in place above will apply to a group of counterparties.

Investment Strategy

79. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short term interest rates (i.e. rates for investments up to 12 months)

80. Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that this is the case at present, but there is the prospect of bank rate peaking in the first half of 2023 and possible reducing as early as the latter part of the same year, so an agile investment strategy would be appropriate to optimise returns.

81. While most cash balances are required to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the potential value from longer term investments will be carefully assessed.

Investment Returns Expectations

82. The current expectation forecasts bank rate to reach 4.50% in quarter 2 of 2023.

83. The suggested budgeted investment earnings rates for returns on investments places for periods up to about 3 months during each financial year are as follows,

Year	Budgeted Earnings Rate
2022/23	3.95%
2023/24	4.40%
2024/25	3.30%
2025/26	2.60%
2026/27	2.50%
Years 6 – 10	2.80%
Year 10 +	2.80%

84. As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts

85. Given the above, for its cashflow generated balances, the treasury officers will seek to utilise the money market funds and short dated deposits, in order to benefit from the compounding of interest.

Changes to Investment Strategy

86. There are now several alternative types of investment opportunities, providing a different approach to funds being invested in traditional money markets.

- Ultra-Short Dated Bond Funds
- Corporate Bonds
- Property Funds

87. There are varying degrees of risks associated with the above investments, which require comprehensive appreciation and assessment. It is not just credit risk that needs to be understood, but liquidity and interest rate/market risk as well, although these can often be intertwined.

88. Investments in property represent a higher level of risk than that taken in the current portfolio, but this is offset by the higher possible level of return. Given the higher level of core cash balances, an additional investment in property funds will form an active part of the investment strategy in this financial year.

Environmental, Social and Governance (ESG) Investments

89. ESG Investments are becoming more a commonplace discussion within the wider investment community, including Local Authorities.

90. Our treasury advisors have clarified that the most important issue is ensuring that there is a clear understanding of the ESG risks that the Council is exposed to and evaluating how well it manages these risks

91. In terms of ESG risks, Governance needs to be the most important one when considering treasury investments. This is because poor governance can have a more immediate impact on the financial circumstances of an entity and the potential for a default event that would impact the amount the local authorities receive back from their investments. Those financial institutions that are viewed as having poor/weak corporate governance are generally less well rated in the first instance or have a higher propensity for being subject to negative rating action. So, this element of ESG is of high importance to the Council, as we follow investment guidance with the security, liquidity and yield principle at the core.

92. As highlighted above, there are already touchpoints with the Council's investment strategy, including the incorporation of ESG metrics into credit rating agency

assessments. There are also a small, but growing number of financial institutions and fund managers promoting “ESG” products (short term cash investments), which the Council may able to utilise, whilst maintaining the critical principles of security, liquidity and yield.

Investment Treasury Indicator and Limit

93. This investment treasury indicator limits the total funds invested for greater than 365 days. These limits are set with regard to the Council’s liquidity requirements and to reduce the need for any unnecessary borrowing. They are based on the availability of funds after each year end.

94. The Council is asked to approve the treasury indicator and limit:

Upper Limit for Principal Sums Invested for longer than 365 days			
	2023/24	**2024/25**	**2025/26**
Principal sums invested for longer than 365 days	£30m	£30m	£30m
Current Investments as at 31 December 2022 in excess of 365 days maturing in each year	£0m	£0m	£0m

Investment Risk Benchmarking

95. The Council will use an investment benchmark to assess the investment performance of its investment portfolio of the relevant SONIA (Sterling Overnight Index Average) rate dependant on the average duration of the fund.

End of Year Investment Report

96. At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

Overview and Scrutiny Engagement

97. The Financial Planning Task Group will consider this report on 27 January 2022, with any comments reported to the Cabinet meeting.

Safeguarding Implications

98. None have been identified as arising directly from this report.

Public Health Implications

99. None have been identified as arising directly from this report.

Procurement Implications

100. None have been identified as arising directly from this report.

Equalities Impact of the Proposal

101. None have been identified as arising directly from this report.

Environmental and Climate Change Considerations

102. Wiltshire Council will not intentionally invest in any investment that is not ethical and would not be consistent with our environmental and social policy objectives.

103. Where appropriate, the Council will consider investments that deliver environmental and social benefits, whilst maintaining our Security, Liquidity and Yield criteria.

Workforce Implications

104. There are no workforce implications that have been identified as arising directly from this report. The staff who work in the Treasury Management function will all be required to undertake training to ensure their knowledge and experience remains relevant and up to date.

Risks Assessment

105. The primary treasury management risks to which the Council is exposed are adverse movements in interest rates and the credit risk of its investment counterparties.

106. The Prudential & Capital Indicators and the Annual Investment Strategy take account of the forecast movement in interest rates and allow sufficient flexibility to be varied if actual movements in interest rates are not in line with the forecast.

107. Link's long-term forecast (beyond 10 years) for Bank Rate stands at 2.50%. As all PWLB certainty rates are now above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained for shorter dates (both PWLB and local authority to local authority borrowing).

108. While the Council will not be able to avoid borrowing to finance new capital expenditure in the future, or to replace maturing debt, there will be a cost of carry (the difference between higher borrowing costs and lower investment returns), to

any new short or medium term borrowing that causes a temporary increase in cash balances, and this position will, most likely, incur a revenue cost.

Financial Implications

109. Capital Programme figures included within this report are based on the Capital Programme budget that forms part of the overall budget setting for the council. The capital budget for 2023/24 is higher than the value of programme that has been delivered in previous years. If programme delivery is in line with previous years, using the capital programme figures has the effect of overstating some of the estimated figures in the report, such as the Capital Financing Requirement and the under-borrowed position of the council.

110. Other financial implications have been examined and are implicit throughout the report.

Legal Implications

111. None have been identified as arising directly from this report.

Options Considered

112. Future consideration will be given to alternative borrowing and investment options to improve the cost effectiveness of and return on treasury activities for the Council.

113. The options in relation to the revenue and capital budgets in these proposals are fully consistent with the figures included within the budget considerations.

Conclusions

114. This strategy statement supports effective decision making and ensures a sound financial framework and control environment.

Andy Brown
Corporate Director of Resources and Deputy Chief Executive (S151 Officer)

Terence Herbert
Chief Executive

Report Author:
Debbie Price, Finance Business Analyst
email: debbie.price@wiltshire.gov.uk

Background Papers

None.

Appendices

Appendix A   Prudential and Treasury Indicators 2023/24 - 2025/26
Appendix B   Specified and non-specified Investments
Appendix C   Approved countries for investments
Appendix D   Treasury Management Scheme of Delegation
Appendix E   Role of the Section 151 Officer
Appendix F   Third Party Loans Policy

Capital Prudential and Treasury Indicators for 2023/24 – 2025/26

1. The Prudential and Treasury Management Codes and Treasury Guidelines require the Council to set a number of Prudential and Treasury Indicators for the financial year ahead. This appendix sets out the indicators required by the latest code.

Affordability Prudential Indicators

2. The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators,

Ratio of Financing Costs to Net Revenue Stream

3. This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream

	2021/2022 Actual (%)	2022/23 Estimate (%)	2023/24 Estimate (%)	2024/25 Estimate (%)	2025/26 Estimate (%)
General Fund	5.88	6.00	6.02	7.77	9.01
HRA	12.99	11.63	10.39	16.67	19.24

4. The estimates in financing costs above include current commitments and the proposals in this budget report.

Maturity Structure of Borrowing

5. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing and are required for upper and lower limits.

6. In order to protect the Council from interest rate risk and to safeguard the continuity of treasury management financing costs, the following limits have been adopted. This sets out the structure of our debt portfolio and limits the exposure to changes in interest rates.

Maturity Structure of Fixed Interest Rate Borrowing 2023/24		
	Lower (%)	**Upper (%)**
Under 12 months	0	25
12 months to 2 years	0	25
2 years to 5 years	0	45
5 years to 10 years	0	75
10 years and above	0	100

7. In addition to the indicators (above) it is considered prudent that, under normal circumstances, no more than 15% of long term loans, excluding LOBO loans, should fall due for repayment within any one financial year and 25% in the case of LOBO loans, where maturity is deemed to be the “next call option date”.

Treasury Management Practice (TMP) 1
Credit and Counterparty Risk Management

Specified Investments.

1. All such investments will be sterling denominated, with maturities up to a maximum of 1 year, meeting the minimum 'high' quality criteria.

2. Counterparty monetary limits are included in the table at paragraph 76 of the main report. Any not included here are detailed in the table below (paragraph 6)

Non-Specified Investments.

3. These are any investments which do not meet the specified investment criteria.

4. A maximum of £30 m will be held in aggregate non-specified investments.

Credit and Counterparty Risk

5. A variety of instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

6. The criteria applying to institutions or investment vehicles are as follows,

	Minimum credit criteria/ colour band	Maximum maturity period	Individual Institution Counterparty Limit
Specified Investments			
DMADF – UK Government	Yellow	6 months (set by the DMO)	£30m
UK Government Gilts	Yellow	12 months	£30m
UK Government Treasury Bills	Yellow	364 days (set by the DMO)	£30m
Bonds issued by multilateral development banks	Yellow	6 months	Included in para 76
Money Market Funds CNAV	AAA	Liquid	Included in para 76
Money Market Funds LVNAV	AAA	Liquid	Included in para 76
Money Market Funds VNAV	AAA	Liquid	Included in para 76
Ultra Short Dated Bonds (1.25)	AAA		£10m
Ultra Short Dated Bonds (1.5)	AAA		£10m

Local Authorities	Yellow	12 months	Included in para 76
Term Deposits with Banks and Building Societies	Blue Orange Red Green No Colour	12 months 12 months 6 months 100 days Not for use	Included in para 76
Certificates of Deposit or Corporate Bonds	Blue Orange Red Green No Colour	12 months 12 months 6 months 100 days Not for use	£10m
Non-Specified Investments			
Term Deposits with Banks and Building Societies	Purple Yellow	2 years 5 years	Included in para 76
UK Government Gilts	UK sovereign rating	5 years	Up to aggregate value of non-specified investments (currently £30m)
Property Fund (CCLA)	N/A	N/A	
Property Funds	N/A	N/A	

7. The criteria in this appendix are intended to be the operational criteria in normal times. At times of heightened volatility, risk and concern in financial markets, this strategy may be amended by temporary operational criteria further limiting investments to counterparties of a higher creditworthiness and/or restricted time limits.

Accounting treatment of investments.

8. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

Monitoring of Investment Counterparties

9. The credit rating of counterparties will be monitored regularly. The Council receives credit rating information from Link as and when ratings change, and counterparties are checked promptly. On occasion, ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately, and if required new counterparties which meet the criteria will be added to the list.

Approved Countries for Investments

This list is based on those countries which have sovereign ratings of AA- or higher (the lowest rating from Fitch, Moody's and S&P is shown) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link Asset Services credit worthiness service.

Rating	Country
AAA	Australia
	Denmark
	Germany
	Netherlands
	Norway
	Singapore
	Sweden
	Switzerland
AA+	Canada
	Finland
	U.S.A.
AA	Abu Dhabi (UAE)
	France
AA-	Belgium
	Qatar
	UK

Treasury Management Scheme of Delegation

Full Council

1. Receiving and reviewing reports on treasury management policies, practices and activities;

2. Budget consideration and approval;

3. Approval of annual strategy.

Cabinet

1. Approval of/amendments to the organisation’s adopted clauses, treasury management policy statement and treasury management practices;

2. Budget consideration and proposal;

3. Approval of the division of responsibilities;

4. Receiving and reviewing regular monitoring reports and acting on recommendations;

Scrutiny – Finance Task Group

1. Reviewing the treasury management policy and procedures and making recommendations to the responsible body.

The Treasury Management Role of the Section 151 Officer

1. Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;

2. Submitting regular treasury management policy reports;

3. Submitting budgets and budget variations;

4. Receiving and reviewing management information reports;

5. Reviewing the performance of the treasury management function;

6. Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;

7. Ensuring the adequacy of internal audit, and liaising with external audit;

8. Approving the selection of external service providers and agreeing terms of the appointment.

9. Preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe.

10. Ensuring that the capital strategy is sustainable, affordable and prudent in the long term and provides value for money

11. Ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the Council

12. Ensuring that the Council has appropriate legal powers to undertake expenditure on non-financial assets and their financing

13. Ensuring the proportionality of all investments so that the Council does not undertake a level of investing which exposes the Council to an excessive level of risk compared to its financial resources

14. Ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities

15. Provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees

16. Ensuring that members are adequately informed and understand the risk exposures taken on by the Council

17. Ensuring that the Council has adequate expertise, either in house or externally provided, to carry out the above

18. Creation of Treasury Management Practices which specifically deal with how non-treasury investments will be carried out and managed.

Third Party Loans Policy

1. Government changes in the way councils are funded has prompted local authorities to look at more innovative ways of supporting Business Plan priorities.

2. The primary aims of any investment, in order of priority, are the security of its capital, liquidity of its capital and to obtain a return on its capital commensurate with levels of security and liquidity. These aims are crucial in determining whether to proceed with a potential loan.

3. Whilst the Council does not wish to become a commercial lender in the market place it can use its ability to borrow, at relatively economic rates, to support the delivery of improved outcomes for the residents of Wiltshire. At the same time this will facilitate the creation of a relatively modest income stream to support the Council's overall financial resilience. All third party loans must demonstrate alignment to the Council's core objectives and priorities.

4. The intention of this policy is therefore to establish a framework within which the Council may consider advancing loans to third party organisations.

Types of Loan

Loans Defined as Capital Expenditure

5. The acquisition of share capital or loan capital in any corporate body is defined as capital expenditure under Regulation 25(1) (d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.

6. A loan, grant or financial assistance provided by this Council to another body will be treated as capital expenditure if the Council would define the other bodies use of those funds as capital had it undertaken the expenditure itself.

7. Loans of this nature will be included in the Council's approved capital programme.

8. The Council's Minimum Revenue Provision (MRP) Policy sets out the MRP requirements in respect of capital loans.

Other Loans

9. Other loans refers to loans that do not meet the definitions of capital expenditure but still support the delivery of the Council's core objectives and priorities. Examples of this type of loan include working capital loans to the Council's Local Authority Trading Companies (LATC's) and loans to Wiltshire Schools to enable Academy conversion.

Loan Framework

10. All loans, with the exception of loans to Wiltshire Schools to enable Academy conversion, must be secured against an asset or guaranteed by a public sector organisation with tax raising powers.

11. The maximum loan to value will not exceed 80% of the security.

12. The maximum duration of the loan will be 25 years, but the loan period must not exceed the useful life of the asset.

13. An independent valuation of the asset upon which the loan is secured will be undertaken by the Council.

14. A robust business case must be developed that demonstrates that the loan repayments are affordable.

15. The on-going value of the asset(s) that the loan has been secured against will be valued on a 5 year basis. A charge to revenue may be required if the equity value falls below the debt outstanding or if it becomes clear that the borrowing organisation is unable to service the debt.

16. Guarantees will be called upon if the lending organisation falls into arrears in line with the clauses set out in the signed loan agreements.

17. Given the administrative costs incurred in both establishing and managing loans of this nature an administration/arrangement fee will be applied to each loan made. The arrangement fee will be no more than 1.0% of the value of the loan value.

18. All loan proposals (including any loan re-scheduling) must be agreed with the Corporate Director of Resources & Deputy Chief Executive (S151 Officer) in conjunction with the Council’s Treasury Management team.

Limits

19. No specific maximum limits are proposed but all loans must be approved as set out above.

20. Loans less than £0.250m will not be considered.

Subsidy Control and Interest Rates

21. Following the UK exit from the EU the State Aid Rules ceased to have effect. The UK then became subject to the subsidy control provisions of the World Trade Organisation (WTO), existing Free Trade Arrangements (FTA), and those of the Trade and Cooperation Agreement (TCA). This change came into effect on 1 January 2021. These three set of controls have different definitions and provisions. However, it is unlikely that Wiltshire Council will be in breach of WTO and FTA arrangements if it observes the TCA Subsidy Control Provisions. It is expected that the control regime will be monitored and enforced by a body established by HM Government similar to the Competition and Markets Authority. HM Government's Technical Note on Subsidy Control observes that there may be a consultation in early 2021 to determine a "bespoke approach" with secondary legislation to follow. Nonetheless the TCA subsidy controls are enforceable now through the UK Courts.

22. The principles and terminology contained in the TCA subsidy control reflect State Aid legislation. It is to be expected that the new regulator and the Courts when implementing TCA subsidy control will have in mind the previous State Aid procedures and that there will be analogous reasoning. In general, the parameters of the new scheme will not permit subsidies from state bodies that amount to "financial assistance" to be made which confers an economic advantage on one or more economic actors not available on market terms. This, the TCA specifically identifies, includes a direct or contingent transfer of funds such as direct grants, loans or loan guarantees. Not for profit organisations often undertake commercial activities in order to support the delivery of non-commercial activities and so can be classified as "economic actors" falling into this control regime. An economic advantage given to an actor will not be a subsidy if the state is acting in a way that a rational private investor would, for example in providing loans or capital on terms that would be acceptable to a genuine private investor who is motivated by return and not policy objectives. This is because the beneficiary is not considered to be obtaining an advantage from the State but on the same terms that it could have obtained on the open market.

23. Until further certainty is given by proposed legislation and regulators the actual interest rate charged on third party loans will be set with reference to the minimum permitted within State Aid rules operational in the EU at the time of fund advance and the Council's cost of borrowing plus an appropriate credit risk margin, whichever is higher.

24. If there is any doubt as to whether Subsidy Control may be an issue, Legal advice must be sought.

Governance Arrangements

25. Loans Defined as Capital Expenditure require Cabinet approval in order to be added to the Capital Programme and will be supported by a full business case.

26. The Corporate Director of Resources & Deputy Chief Executive (S151 Officer) has delegated authority for awarding loans to schools, in order to assist with their conversion process to become an academy. Specific delegation was awarded by Cabinet at their meeting of 17 May 2016, minute number 63.

27. All other loans must be approved by Cabinet supported by a full business case. Specific details in relation to drawdown of approved loan facilities must be specified as part of each business case.

28. Due-diligence checks will be undertaken to test the underlying assumptions set out in each business case. These checks will include but are not limited to independent credit checks and future cashflow forecasts.

Financial Risk

29. Where the Council issues capital loans to third parties (including to its own commercial companies), the expectation is that the funds lent will be re-paid in full at a future date.

30. However, the Council is required to consider the potential impairment of all loans that it issues to third parties on an annual basis to comply with International Financial Reporting Standards (IFRS 9). Where it is considered that there is a risk that any loan will not be re-paid, the Council will need to consider the level of any impairment, in full or in part) as appropriate. Impairments represent a real financial cost to the Council and are charged to the Council's General Fund revenue budget.

Exemptions

31. Exemptions to this policy may be considered but any exemption will need to be approved by Full Council.

Wiltshire Council

Cabinet

31 January 2023

Subject:	**Corporate Performance and Risk Monitoring Report: Q3 2022/23**
Cabinet member:	**Cllr Richard Clewer, Leader of the Council and Cabinet Member for MCI, Economic Development, Heritage, Arts, Tourism and Health & Wellbeing**
Key Decision:	**Non Key**

Executive Summary
This report provides a quarter three update on performance against the stated missions in the Council's Business Plan 2022-32, including new measures that have been agreed. The Strategic Risk Summary is also included.

Proposals
Cabinet are asked to:

1. Note the updates and outturns against the measures and activities ascribed against the Council's priorities.
2. Observe the Strategic Risk Summary.

Reason for Proposal
To provide Cabinet with a quarterly update on the current corporate performance framework, which is compiled of the measures used to monitor progress against the 10 missions laid out in Wiltshire Council's Business Plan 2022-32.

New measures and details of those being developed are also included, both within the scorecard and in the report commentary.

The Strategic Risk Summary captures and monitors significant risks facing the Council, in relation to in-service risks facing individual areas and in managing its business across the authority.

This is supported by, and in compliance with, the Council's Corporate Performance and Risk Policy.

Terence Herbert
Chief Executive

Wiltshire Council

Cabinet

31 January 2023

Subject:	**Corporate Performance and Risk Monitoring Report: Q3 2022/23**
Cabinet member:	**Cllr Richard Clewer, Leader of the Council and Cabinet Member for MCI, Economic Development, Heritage, Arts, Tourism and Health & Wellbeing**
Key Decision:	**Non Key**

Purpose of Report

1. This report provides an update on the progress against the stated missions in the Council's Business Plan.

2. To note: it provides measures of performance at the end of Q3 (December 2022) and risks as they are at the time of the report's production; risks are not presented on a quarterly reporting cycle.

3. The Q3 2022/23 Corporate Scorecard is attached to the report as **Appendix 1.**

4. The Strategic Risk Summary is attached as **Appendix 2**.

Relevance to the Council's Business Plan

5. This report updates Cabinet on the performance against each of the stated missions contained in the Business Plan 2022-2032.

Background

6. Prior to the Business Plan's ratification at Full Council, Directors and Cabinet Members agreed a corporate performance framework that identified the measures that would initially be used to track progress against the 10 missions identified.

7. This framework has been reviewed in January 2023, resulting in new measures being added and additional measures being reviewed, developed and improved.

8. As before, these measures fall into three categories:

   i) Main indicators – the key metric for that particular mission.

   ii) Supporting indicator(s) – a metric that helps add weight or explanation to the main indicator.

iii) Basket indicators – where it was impossible to identify one or two main indicators measures were grouped together to be able to report on elements of each mission.

9. The resulting scorecard includes each main measure (the latest reported figure), the most relevant/recent supporting and basket indicators.

10. Measures and targets on the scorecard are owned and reported by the service to which they relate, and they continue to be iteratively challenged and improved at Performance Outcome Boards and Groups. This ensures they are most representative of performance against a mission and allows for advanced scrutiny.

Corporate Scorecard Review – January 2023

11. With corporate performance reporting at a Cabinet-level now embedded across services and iterative targets in place, Cabinet and Officers undertook workshops in January 2023 to review the scorecard.

12. These workshops set out to challenge progress against and assess the viability of existing measures.

13. As a result of this, it was agreed to add new measures that helped triangulate performance where they were immediately available and to develop additional measures for inclusion at the next quarterly return. These are detailed below.

14. Targets will also be set during the next quarter, where they are currently missing.

15. For consistency, prevention of volatility and ease of reading, all future measures will also report on rolling annual averages, rather than monthly or quarterly data, wherever possible.

We get the best start in life

16. To complement the existing measures on the County's educational gaps, the percentage of 16- and 17-year-olds who are NEET (Not in Education, Employment or Training) has been added.

17. Future scorecards will also include the percentage of Ofsted-rated good or outstanding schools and early years settings, and further work is underway to define and present more data on schools' outcomes, with a particular focus on SEND (Special Educational Needs and Disabilities) and the timely completion of EHCPs (Education, Health and Care Plans).

We stay active

18. Additional measures are under review and are likely to focus on visitor numbers to the Council's leisure centres and libraries.

We are safe

19. The percentage of 'first conversations' where the outcome was completed within 3 working days from first contact has been removed from the scorecard, as it was not proving to be indicative of performance, only process. However, Wiltshire continues to improve here.

20. The number of licensing interventions will be removed from the Q4 scorecard, as there is less need to review the volume-driven datasets and rates now that the post-Covid uplift in demand is stabilising.

21. The total number of CQC inspections that resulted in an ‘inadequate’ rating has been added.

22. The percentage of children in care fostered within Local Authority provision will be added to future scorecards and further work in this area is underway, working closely with Performance Outcome Boards, to ensure updates include additional measures on adult care, including the percentage of working age adults in residential accommodation and outcome-specific measures on reablement.

23. The Q4 scorecard will also have measures and targets focused on road safety, highways maintenance (potholes and resurfacing) and speed checks.

We live well together

24. Work is underway to include detail of the Public Health-led checks that are undertaken in the County, as well as smoking cessation rates.

25. New measures will be added to the scorecard focusing on the planning process and the determination of applications within stated timeframes.

We ensure decisions are evidence-based

26. The percentage of voter turnout in recent unitary-by-elections has been removed, as this was agreed to be a measure that did not allow for appropriate targeting.

27. The engagement with the Council’s e-newsletter has been added, as it provides a valuable indicator of how our residents respond to messaging. This is achieved by measuring the ‘opens’, rather than just the circulation.

We have the right housing

28. The existing measures were considered useful to monitor – especially as mitigations continue to improve the number on the housing register – but it was recognised that further work is required in this area to present performance, rather than volume-based, data.

We have the right skills to prosper

29. In addition to the percentage of 16- and 17-year-old NEETs, a measure will be added for Q4 on the percentage of care-experienced young people who fall in the NEET category.

30. New measures on average gross weekly pay, regional GVA and Level 4 skills will be added to the Q4 scorecard.

We have vibrant and well-connected communities

31. New measures on broadband and mobile phone coverage will be added to future scorecards.

32. Work is ongoing to present improved data on transport links, including rail journeys, bridleways and footpath maintenance and car park occupancy.

33. An examination of area board data is also being undertaken, with a focus on ensuring allocations and activities align to the Business Plan priorities.

We take responsibility for the environment

34. The existing measures were considered useful to continue monitoring, although targets and their implications will be reviewed with Cabinet over the next two quarters.

35. An additional measure focused on fly-tipping will be added to the Q4 scorecard. The upcoming Environment Act will also require detailed analysis and integration.

We are on the path to carbon neutral (net zero)

36. In addition to retaining the current measures, new measures will be added focusing on renewable energy generation and carbon literacy training within the Council.

Risk

37. The Strategic Risk Summary is attached as **Appendix 2** and provides information on the challenges, and potential challenges, the Council faces in delivering its services and ambitions.

38. Included in the risk summary is the Strategic Risk Register which contains risks that, if they were to become issues, could hamper the Council's ambition to achieve its stated aims whether that be empowering the people of Wiltshire, building thriving economies or leading the response to climate change.

39. Risks are identified, defined, reviewed, and managed in service areas.

40. There are 240 risks identified and scored in the corporate risk management process at the time of print. The Strategic Risk Register is made up of those risks which have either a potential impact on the wider council or are the responsibility of the wider council to mitigate.

41. A full explanation of the makeup of the Strategic Risk Register can be found at the bottom of **Appendix 2**.

42. Previously, two risks – macroeconomic pressures, such as inflation, and staff recruitment and retention – were classified as issues, meaning that the potential problems identified have materialised.

43. These both remain in place in Q3 as the inflationary pressures continue, with some forecasters believing the peak has not yet passed despite January's rate dropping 0.2 percentage points to 10.5%, and labour market challenges are also yet to abate.

44. The Council's teams continue to work to mitigate the impact of these issues and will do so until they are no longer having a direct impact on delivery of services.

45. In Q2, a new issue was raised as delays to the Evolve Programme delivery would lead to delayed realisation of benefits. This has now been de-escalated to a managed risk, not an issue. This is as a result of the programme having been reset, a commercial review undertaken and the management actions undertaken and its green status being restored.

46. A new emerging risk has been added to reflect the potential for additional service pressures in upcoming quarters. These come because of other agencies – with whom the Council has a dependency or interaction – experiencing their own difficulties, such as an increase in demand to their own services or unforeseen workforce challenges.

47. As ever, these will be actively monitored and managed to reduce impact, with the Council supporting its partners to deliver the best service they can for Wiltshire's residents.

48. Since the last report, a new risk has been added to the summary to reflect the increasing impacts of climate change in the county, experienced as severe weather. This was previously recorded as a range of national risks.

49. The heatwave, drought, storms and floods experienced in the past 12 months are forecast to continue increasing in frequency, with implications for the health and safety of our residents and our staff. The Council's climate adaptation plan is currently being reviewed and will identify what measures can be put in place to prepare council services and the county for these climate impacts.

50. The change of UK Government has been removed as this no longer poses the uncertainty it previously did.

51. This is in line with and outlined in more detail within the Council's Corporate Performance and Risk Policy.

Future Developments

52. Following the completion of the workshops, new measures and targets will continue to be added to quarterly returns.

53. These will be agreed by Cabinet and the Corporate Leadership Team.

54. Presentation changes will also be made. These will be in the form of an easier to read dashboard with improved data visualisation. This will provide greater context, longer time series and an enhanced narrative about progress against service delivery plans, which will highlight where there are risks of failure or slippage.

55. Accessibility standards will also be improved, and sources of data added.

56. It remains the ambition to make these dashboards *live* to eliminate some of the challenges faced by services in presenting their quarterly returns as timings do not always align. This will also improve the whole Council's ability to scrutinise data more readily and in a timely way.

57. Existing targets will continue to remain under review and appropriately stretched.

58. In the Spring, a full review of Service Plans will be undertaken.

59. Future risk summaries will feature the Council's response to the updated national-level risks. This will be completed in partnership with the Local Resilience Forum and the Emergency Planning, Resilience and Response team, who will coordinate the Council's activities and response to the National Risk Assessment.

60. An exercise is also still to be undertaken with the Extended Leadership Team to ensure that items that do not yet make risk classification, or cannot be quantified as emerging risks, are considered in more depth. It is expected that future risk summaries will be more reflective of the live and dynamic nature of Council services.

Overview & Scrutiny Engagement

61. The Overview and Scrutiny Management Committee (OSMC) has received the report, albeit at short notice due to the tight production and publishing timeframes.

62. Future developments must improve this wherever possible as the engagement of OSMC and Select Committees is welcomed, encouraged and paramount to the Council's ongoing success.

Safeguarding Implications

63. A number of indicators are regularly analysed which directly relate to the safeguarding of children and adults.

64. Action is taken where improvements in performance are required or new risks present.

Public Health Implications

65. Not applicable as no decision is required, although many of the indicators are a key feature of our public health work.

Procurement Implications

66. Not applicable as no decision is required.

Environmental and Climate Change Considerations

67. Not applicable as no decision is required, although many of the indicators are a key feature of our environmental plans.

Workforce Implications

68. There are no direct implications arising from this report. However, it must be recognised that there remains a live issue for the Council when recruiting and retaining staff.

69. Whilst both a national and sectoral issue, active management is underway.

Equalities Impact of the Proposal

70. Not applicable as no decision is required.

Risk Assessment

71. Not applicable as no decision is required.

72. Performance and risk indicators will continue to draw on the framework set out in the Business Plan and will continue to be refined through engagement with the relevant services.

Financial Implications

73. Not applicable as no decision is required.

Legal Implications

74. Not applicable as no decision is required.

Options Considered

75. Not applicable as no decision is required.

Conclusions

76. This report brings together the updated performance indicators that make up the corporate performance framework as well supplementary commentary to provide further context around the Council's activities in these areas and the risks faced by the Council.

Perry Holmes
Director, Legal and Governance

Report Author:
Martin Nicholls, Head of Executive Office | martin.nicholls@wiltshire.gov.uk

Background reading

Corporate Performance and Risk Policy, February 2019

Appendices

- Appendix 1: Corporate Scorecard Q3 2022/23
- Appendix 2: Strategic Risk Summary

This page is intentionally left blank

Wiltshire Council Performance Scorecard - 2022/23 Quarter Three

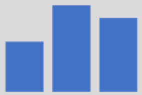
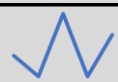
Of the 28 indicators on this scorecard 21 (75%) were ranked as either green or amber in terms of improved performance.

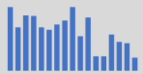
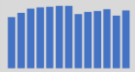
6 10 11

Arrows show the direction of travel. Green is a positive change, red a negative a change and orange neither positive or negative.

Gold shaded measures are main indicators	Unshaded indicators support a main indicator	Grey shaded indicators are selected from a basket of possible measures - the name of that basket appears above the measures

Measure description	Target	Previous positions		Latest position	Latest report	Frequency	Direction of Travel	Trend	Comment
We Get the Best Start in Life									
Educational Gap: Phonics (The percentage point gap between all pupils at KS1 and those receiving pupil premium - achieving phonics)	Below national benchmark (20%)	20.0%	21.2%	**21.1%**	Sep-22	annual - academic year			Presently, it is difficult to make judgments about recent trends with these indicators as different approaches to assessment taken during the pandemic mean 2020 and 2021 are uncomparable with previously years. Please note: the latest data is also provisional.
Educational Gap: KS4 (The percentage point gap between all pupils and those receiving pupil premium - achieving 5+ in English and Maths at KS4)	Below national benchmark (30.7%)	29.4%	32.3%	**26.8%** **(Prov)**	Dec-22	annual - academic year			
% 16-17 year-olds who are NEET		2.1%	2.0%	**2.4%**	Dec-22	Monthly			This is a new measure added for Q3. Targets will be agreed ahead of the Q4 report. Long-term data is available and will be used to demonstrate performance over time for the Q4 report.
We Stay Active									
Percentage of Children who are Physically Active	60% over course of Business Plan	43.7%	50.5%	**53.7%**	Mar-21	annual			The trend shows the last four financial years. The improvement shown in Wiltshire in the past three years has not been mirrored in the national or regional figures. Wiltshire now shows better levels of activity than the England (44.6%) or South West (46.3%) average. Results for 2021/22 are yet to be published.
Percentage of Adults who are Physically Active	75% over course of Business Plan	71.2%	72.1%	**72.9%**	Mar-21	annual			The trend shows the last four financial years. Small improvements in each of the last three years put the activity levels in adults in Wiltshire above the national (65.9%) and regional (70.5%) average.
Referrals into the Reablement Service (Total monthly number)		260	262	**200**	Dec-22	Monthly			The trend shows the last 11 months. Total referrals remained at a fairly consistent level since the start of the year before September's drop.

Measure description	Target	Previous positions		Latest position	Latest report	Frequency	Direction of Travel	Trend	Comment
We are Safe									
Re-referrals to Children's Services (% referrals within 12 months of previous referral)	Between 14% and 20%	15.6%	16.0%	**15.6%**	Dec-22	monthly			The trend shows the last 21 months. The re-referral rate remains stable and within expected target range. Our re-referral rate is lower than comparative local authorities, which is a positive reflection of our practice achieving good outcomes across the service.
Public Protection									
Total number of Licensing Interventions (Notifications received, Number of Licensing Hearings, Number of Animals Inspections carried out and Number of Licensing Transactions)		1,017	1,765	**1,510**	Dec-22	Annual rolling average			The trend shows the last 11 quarters. The first and final quarters of the financial year traditionally show fewer interventions than quarters two and three due to the lower number of events. As business activity increased following the pandemic so did the number of licensing interventions. However, Q3 22/23 is at a lower level than Q3 21/22, which may reflect growing economic pressures on the licensing trade.
Adult Safeguarding									
Percentage of S42 Outcomes Met (% of statutory enquiries into possible abuse or neglect [section 42] in which set outcomes were met)	Between 95% and 99%	98.1%	94.8%	**100.0%**	Dec-22	monthly			The trend shows the last 12 months. This indicator counts enquires as they are closed and only counts incidents where an individual is asked what they want to achieve from the process. Performance remains strong.
Total number of Inadequate CQC Inspections (Number of CQC inspections of Wiltshire Care Homes resulting in 'Inadequate' rating in the last 12 months)		3	0	**2**	Dec-22	annual			The trend shows the position at the end of the last five years. Although the trend is in the wrong direction, the numbers remain very small.

Measure description	Target	Previous positions		Latest position	Latest report	Frequency	Direction of Travel	Trend	Comment
We Live Well Together									
Stability for Looked after Children									
Percentage of Looked After Children Placed more than 20 Miles from Home (Excludes unaccompanied asylum seeker children)	Between 34% to 37%	39.0%	40.0%	**39.0%**	Dec-22	monthly			The trend shows the last 21 months which evidences a stable position. The final 2021/22 position was 36% which is within our target range, down one percentage point from 2020/21.
Care Leavers in Suitable Accommodation (% of 19-21 year old care leavers in suitable accommodation in a four month window)	Between 85% and 95%	98.0%	97.0%	**98.0%**	Dec-22	monthly			The trend shows the last 12 months. Performance remains strong.
We ensure decisions are evidence-based									
Participation									
Voter Turnout in Neighbourhood Plan Referendums	Above 25%	28.0%	26.6%	**12.7%**	Oct-22	latest vote			The trend shows the 17 referendums held since 2021, the median turnout for which is 39%. The most recent referendum was held in Laverstock and Ford with 12.7%, explained by the unusually large electorate in a rural area. The highest turnout since 2021 is Crudwell (62%).
Open rate for resident e-newsletters (Monthly average)	Above 40%	55.2%	49.4%	**54.2%**	Dec-22	monthly			The trend shows ongoing strong performance compared to the national average open rate for government e-newsletters (28.8%) and the average open rate for all e-newsletters (21.3%)

Measure description	Target	Previous positions		Latest position	Latest report	Frequency	Direction of Travel	Trend	Comment
We have the Right Housing									
Delivery of Affordable Housing	650 homes per financial year	556	688	**443**	Dec-22	Annual total			The trend shows the last 11 quarters. The cumulative total for affordable homes completed in 2021/22 was 688, which surpassed the target of 650. The Oct to Dec 2022 figure is less than the same period in the previous year of 171. It is common for there to be fluctuations between quarters. Early indications are that the lower figure may be linked to wider economic downturn, but further data will be required to confirm.
The number on the Housing Register (total number of the households on the register at the end of the period, not including those on the open market register)		4,136	4193	**4,229**	Dec-22	quarterly			The trend shows the last 11 quarters, which shows steady growth. Changes to service delivery are underway to reduce pressure from ineligble applications. This will cause the housing register to shrink over the comming months.
Total Households in Temporary Accommodation	Below 95 placements	78	93	**97**	Dec-22	quarterly			The trend shows the last 11 quarters. This has reduced from peaks during Covid but still shows recent growth in the winter months due to supply and demand.
We have the Right Skills to Prosper									
Unemployment (number of the work age population [16+] claiming out of work benefits)		2.1%	2.0%	**2.1%**	Nov-22	monthly			The trend shows the last 12 months, although no data is available yet for December 2022. Wiltshire's Claimant Count is consistently lower than national average at 3.7% and the South West at 2.5%
Youth Claimant Rate (percentage of 18-24 year olds claiming out of work benefits)		3.1%	3.0%	**3.2%**	Nov-22	monthly			The trend shows the last 12 months, although no data is available yet for December 2022. Wiltshire's Claimant Count (18 - 24 year old) is consistently lower than national average at 4.7%

Measure description	Target	Previous positions		Latest position	Latest report	Frequency	Direction of Travel	Trend	Comment
We have Vibrant, Well-Connected Communities									
Transport and links									
Use of Public Transport (Number of passenger trips on both the commercial and supported bus network)	7,905,000 (trips per annum, by Q4 22/23)	6,793,884	6,948,507	**6,996,188**	Nov-22	12 month rolling			The target for public transport usage is 7,905,000 passenger trips per annum across both the supported and commercial network. As public transport has not yet recovered to pre-pandemic levels, the target is based upon 15% fewer trips than pre-covid figures, where we had 9,300,000 passenger trips in the financial year 19/20.
We Take Responsibility for the Environment									
Waste economy									
Household Waste (Kilograms of waste produced per household)	880kg (at the end of Q4)	501	519	**476**	YTD Q2	Annual			The trends show the YTD Q2 position over the last three years. 21/22 and 22/23 values are provisional. Data for Q3 is unavailable due to a need to re-check the accuracy of tonnage reporting by contractors over the Christmas period. These four indicators should be reviewed together as they provide data on the amount of household waste produced, and the routes of disposal. Overall, tonnages are down compared with the peaks seen over the period of the pandemic. The stretch targets proposed are for the end of 22/23. With the Environment Act there will be requirements to collect more materials for recycling with central funding provided to support this and further information is awaited on the timing of these legislative changes to inform our targets for future years.
Recycling Rate (Percentage of household waste recycled or composted)	45%	44.6%	46.0%	**43.0%**	YTD Q2	Annual			
Waste Recovery Rate (Percentage of household waste sent for treatment/energy recovery)	42%	41.8%	35.4%	**41.6%**	YTD Q2	Annual			
Residual Waste Rate (Percentage of household waste sent to landfill)	13%	13.6%	18.6%	**15.4%**	YTD Q2	Annual			

Measure description	Target	Previous positions		Latest position	Latest report	Frequency	Direction of Travel	Trend	Comment
We are on the path to Carbon Neutral (Net Zero)									
Wiltshire's Carbon Emissions (kilotons carbon dioxide, and the equivalent of other greenhouse gasses. Territorial emissions only, i.e. these are emissions that arise within the county)	2100 kilotons	2,637	2,534	**2,209**	Dec-20	annual with a 2-year lag			The trends show the most recent three annual returns. This measure counts only the gasses produced within the county and the complexity of measuring it means that data is only available after two years. The direction of travel is positive.
Wiltshire Council's Carbon Emissions (measured in CO2e - greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO2e signifies the amount of CO2 which would have the equivalent global warming impact)	3750 tonnes	12,321	4,401	**5,275**	Mar-21	annually			The trend shows the five latest annual returns. The small rise in 2021/22 is due to the resumption of services following the pandemic.
Energy Performance Certificates at Levels A - C (% or registered EPC recorded at one of the top three levels - a three year rolling average)	Above South West benchmark (48%)	43.0%	49.0%	**50.0%**	Dec-21	annual			The trend shows the five latest annual returns. This does not show the EPCs of all homes in Wiltshire, only the EPCs registered over a rolling three-year period. Half of Wiltshire's homes were classified in the top three (of seven) levels in the most recent count, compared with 34% in 2015-18.
Public Electric Vehicle Charging Points (all publicly available charging points including those owned by the council)	35 per 100,000 population (in line with SW average)	120	167	**179**	Mar-22	annual			The trend shows the position at the end of the last four financial years. There has been slow growth in the last two years of just 49% but these figure do not include private EV charging where there is more growth.

Wiltshire Council Strategic Risk and Issues Summary - 2022/23

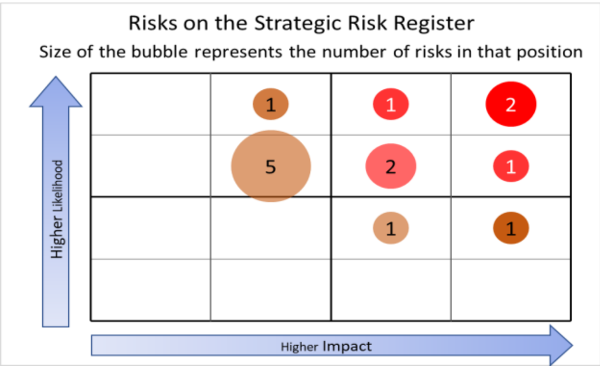
This summary gives details of issues the council is dealing with, the strategic risk register and the emerging risk that may need to be quantified in the future. A guide to reading the risk register is included at the back of this summary.

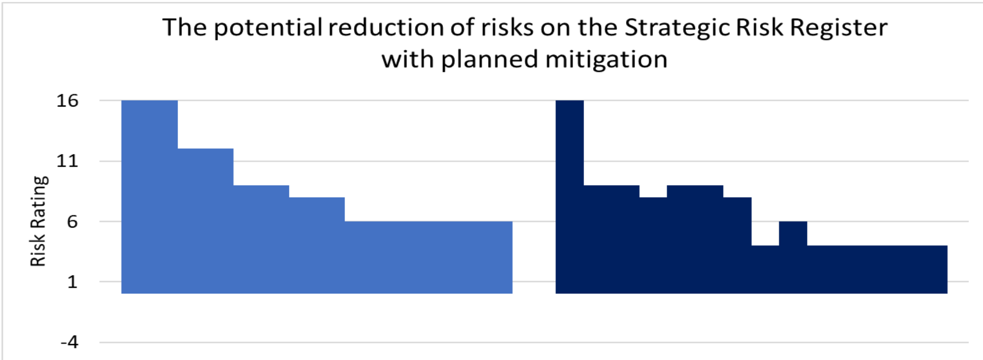
Issues

Obstacles and Challenges that are now present and being managed as issues by Wiltshire Council

Macro economic pressures on our budgets: Sustained inflation	Nationally, there is a 'cost of living crisis' impacting businesses and residents and, due to inflation, the council has experienced a significant increase above that forecast in the budget. As part of the final financial outturn reporting, the Council took the opportunity to prudently set aside reserves to offset the unforeseen costs of inflation likely to arise in 2022/23, with £7m set aside for Contractual Inflation & £2m set aside for Pay Inflation to address the in-year pressure.

Staff Capacity: Recruitment and retention	Some, but not all, service areas have identified that this has now become an issue, with there being a range of factors at play in different labour markets. These include: - A smaller national workforce (less European immigration, earlier retirement/semi-retirement following the pandemic, increased numbers of those on out of work benefits) and closer to full employment. - Specific skills shortages. - Competition from the private sector and from other public sector organisations. - The impact of the increase in the cost of living making higher wages more important. - The cost increase of driving for those who have to travel in their role. The result is that some services are now impacted by insufficient staffing.





Strategic Risk Register - ranked by Inherent Risk Score (the risk as it is now), national level risks shown in grey

	Risk short name	Cause	Event	Effect	Primary Risk Category	Secondary Risk Category	Owner	Risk Response	Q3 Inherent Impact	Q3 Inherent Likelihood	Q3 Inh Risk Rating	Q3 DoT	Appetite check Q3	Q3 Mitigation Actions	Q3 Actions Confidence	Q3 Residual Impact	Q3 Residual Likelihood	Q3 Res Risk Rating
1	**Unable to meet demand for special educational needs or disability (SEND) school provision**	Cost of provision exceeds the High Needs Block (HNB) of the Dedicated Schools Grant (DSG)	More of the DSG spent on providing education for SEND	Shortfall in the funding for schools	Financial	Legal	Helean Hughes	Treat	4	4	16	▶	Outside	We remain in frequent dialogue with the DfE and will be starting joint work with them on their Delivering Better Value (DBV) Outcomes programme in the autumn which will enable some support and challenge in relation to this area.	Low	4	4	16
2	**Lack of capacity in the social care market**	Changes in the local market (including recovery from the pandemic) means there is insufficient supply of Home Care, Independent Fostering Agencies, Children's Homes, provision for complex needs (including people with complex behavioural needs)	Too often provision has to be secured out of county, often in competition with other local authorities at a cost higher than the local market	The right type of care is not always available, people able to be discharged have to wait longer in hospital and budgetary pressure increases if people are placed in out of county or spot provision	Service Delivery	Financial	Helen Jones	Treat	4	4	16	▶	Outside	Block purchased day care. New tender going live in September. Still issues about sufficiency and handbacks	Moderate	3	3	9
3	**Failure to manage housing development**	Lack of a 5 year land supply	Loss of control over the location of new development	Non-plan led housing development may be granted consent through the appeal process; Allowing development where we don't want it; Increase in costs - defending appeals; Pressure on staff.	Legal	Reputation	Jean Marshall	Treat	4	3	12	▶	Outside	Updated our 5 year land supply in April. Development Management teams are seeking to approve applications where there are no major policy obstacles, Spatial Planning continue to support neighbourhood plans to bring forward housing sites, in addition to encouraging developers to bring forward allocated sites. We do have an improved position, but still short of the 5 years. Progress on the local plan is still being given a priority.	Moderate	3	3	9
4	**Increasing vulnerability to climate impacts**	Inability to adapt key infrastructure and services to increasingly severe weather impacts from climate change.	Increased impacts from more frequent and intense weather events such as flooding, droughts, heatwaves and storms.	Direct impact on health, safety, environment, businesses and infrastructure.	Health & Safety	Service Delivery	Sarah Valdus	Treat	3	4	12	New	Outside	The council's climate adaptation plan is currently being reviewed and will identify what measures can be put in place to prepare council services and the county for these climate impacts. Due to the costs associated with implementing some of these measures and the long term nature of these	Moderate	2	4	8

Strategic Risk Register - ranked by Inherent Risk Score (the risk as it is now), national level risks shown in grey

	Risk short name	Cause	Event	Effect	Primary Risk Category	Secondary Risk Category	Owner	Risk Response	Q3 Inherent Impact	Q3 Inherent Likelihood	Q3 Inh Risk Rating	Q3 DoT	Appetite check Q3	Q3 Mitigation Actions	Q3 Actions Confidence	Q3 Residual Impact	Q3 Residual Likelihood	Q3 Res Risk Rating
5	**Uncontrolled cost of social care (predominantly adults)**	Changes in regulation (including the cost of increased infection prevention & control measures), workforce pressures and inflationary pressures in the care market	Each individual care package cost increases	Greater budgetary pressure to meet statuary requirements impacting on preventative and other spend	Financial	Service Delivery	Helen Jones	Tolerate	3	3	9	▶	Within	Continue to identify budgetary pressures and report in to Cabinet.	Moderate	3	3	9
6	**Cyber Resilience**	Malicious attacks from either internal or external individuals or organisations with the intent of stealing data or impacting the council's ability to deliver services.	Wiltshire Council's security is compromised opening up access to councils systems and personal and corporate data for malicious activity.	Loss of personal or corporate information OR loss or interruption of some or all council services delivered to citizens of Wiltshire.	Service delivery	Reputation	Mark Tucker	Treat	3	3	9	▶	Within	Work continues around recovery plans and a council-wide EPRR exercise is being planned.	High	3	3	9
7	**Impact of negative media/social media coverage on council**	Potential negative reaction to council decision making and delivery of services.	Negative public reaction expressed via social media and through the media	Negative impact on council's reputation.	Reputation	Reputation	Perry Holmes	Tolerate	2	4	8	▶	Within		High	2	4	8
8	**Failure in Safeguarding Children**	The council and / or multi- agency partners failing to follow procedures or to undertake a thorough assessment	The council and / or multi- agency partners providing inappropriate intervention or no intervention.	Children not being protected from harm.	Service Delivery	Reputation	Lucy Townsend	Treat	4	2	8	▶	Within	1. Workforce strategy in place to aid recruitment and retention of practitioners, including the use of market supplements. 2. Quality Assurance Framework in place which assures monitoring of performance (qualitative and quantitative). 3. Increased resource directed into the Integrated Front Door to effectively manage the increase in referrals and ensure consistent threshold application, thus preventing unnecessary escalation into statutory service where there is more pressure on workforce i.e. social workers. 4. Continued prioritisation of the family help/hub agenda, including consideration of commissioning	High	2	2	4

	Strategic Risk Register - ranked by Inherent Risk Score (the risk as it is now), national level risks shown in grey																	
	Risk short name	Cause	Event	Effect	Primary Risk Category	Secondary Risk Category	Owner	Risk Response	Q3 Inherent Impact	Q3 Inherent Likelihood	Q3 Inh Risk Rating	Q3 DoT	Appetite check Q3	Q3 Mitigation Actions	Q3 Actions Confidence	Q3 Residual Impact	Q3 Residual Likelihood	Q3 Res Risk Rating
9	**[Composite] Information Governance**	Failure to manage information effectively in keeping with Data Protection Act Principles leading to reportable incidents and potential data breaches	1. Personal Information not obtained and / or processed fairly 2. Excessive information obtained and held beyond service purpose 3. Information held for longer than purpose requires 4. Information not accurately captured / maintained or kept current 5. Information not protected by adequate technical measures 6. Sensitive information inappropriately disclosed either verbally, on paper or electronically.	Unlawful use and / or disclosure of personal data results in Risk and distress to individuals concerned, potential fines from Information Commissioners Office (ICO), reputational damage and loss of confidence in the authority.	Legal	Financial	Perry Holmes	Tolerate	3	2	6	▶	Within		High	3	2	6
10	**[Composite] Income Collection**	Decrease in levels of income due to lower payment rates, take up of services or increase default rates	Failure to collect income as expected and budgeted for	Increased financial pressure on other service areas in order to deliver a balanced budget across the Council as a whole which results in cuts to those other services spend.	Financial	Reputation	Lizzie Watkin	Treat	2	3	6	▶	Within	Additional budget monitoring and training with all heads of service	High	2	2	4
11	**[Composite] Corporate Health, Safety & Wellbeing**	Inadequate or ineffective control strategy is established	Lack of application by managers and individuals of corporate policy and procedures	Likelihood of personal harm increases.	Health & Safety		Kate Blackburn	Tolerate	2	3	6	▶	Within	Ongoing programme of compliance monitoring and additional capacity created by cessation of traded off to non-maintained schools	High	2	2	4
12	**Hospital discharges resulting in high cost and highly restrictive packages of care**	Increase in number people needing to be discharged from hospital not being discharged	Challenge from external partners on the quality/quantity of available provision	Increase in out of county placements and / or high cost packages, hospital beds being unavailable for others with complex needs.	Service delivery	Financial	Claire Edgar	Treat	2	3	6	▶	Within	Liaison with health partners. Weekly Community Team for People with Learning Disabilities (CTPLD) update call with health and Dynamic Support Register (DSR) meetings. Accommodation needs shared with commissioning to inform strategy. MADE events identifying discharge pathway plans.	High	2	2	4

Strategic Risk Register - ranked by Inherent Risk Score (the risk as it is now), national level risks shown in grey

	Risk short name	Cause	Event	Effect	Primary Risk Category	Secondary Risk Category	Owner	Risk Response	Q3 Inherent Impact	Q3 Inherent Likelihood	Q3 Inh Risk Rating	Q3 DoT	Appetite check Q3	Q3 Mitigation Actions	Q3 Actions Confidence	Q3 Residual Impact	Q3 Residual Likelihood	Q3 Res Risk Rating
13	**[Composite] Budget management**	New unfunded project, unforeseen demand or failure to make planned savings	Inability to deliver key statutory services within the service-level budget envelope	Increased financial pressure on other service areas in order to deliver a balanced budget across the authority as a whole which results in cuts to those other services spend.	Financial	Reputation	Lizzie Watkin	Treat	2	3	**6**	►	Within	New planned savings delivery work	High	2	2	**4**
14	**[Composite] Not on track for the Council to be carbon neutral by 2030**	Lack of prioritisation for carbon reduction by other council departments	Financial considerations mean decisions are made not to undertake carbon reduction activity	Wiltshire Council fails to be carbon neutral by 2030	Service Delivery	Reputation	Parvis Khansari	Tolerate	2	3	**6**	►	Within	Large scale carbon reduction projects have been delivered on council buildings, in particular two large leisure centres now run exclusively on electricity and are carbon neutral.	High	2	2	**4**

Emerging Risks

Events that have the potential to interrupt the work of the Council but of which not enough is yet known to quantify the risk to the delivery of our services.

Continuing financial impact of global events	International capital and energy markets remain impacted by conflict and speculitave investment are likely to sustain additional inflationary pressure in the UK. Disruption to global supply chains causing shortages, more inflation and potentially more demand for support of council services. A more uncertain world could mean a more insular economy and lower UK market sentiment meaning less investment in Wiltshire.
Additional service pressures	As the Council operates in a multi-agency enviroment with complex and intricate dependcies, it could be advserley impacted by the actions of others (including short term workforce pressures, greater service demand or budgetary constraints).

How to read the strategic risk register

There are significant challenges for Wiltshire Council as it looks to empower people, build stronger communities, grow the county's economy and lead the way in tackling climate change. The Strategic Risk Register reflects these challenges.

The Strategic Risk Register draws together information recorded on risk registers of individual services across Wiltshire Council.

Information that has significance across the council as a whole is displayed in two categories on the Strategic Risk Register.

1. Critical service risks: significant risks that sit in a single service but which, should they become an issue, will have a significant impact on the council as a whole.

2. Composite strategic risks: where similar risks exist in a number of different services which would not have a significant impact on the organisation on their own but put together represent a significant impact. These risks are compiled into a single strategic composite risk and included within the strategic risk register. These risks are scored by reviewing the service component risks.

3. National level risks: Wiltshire Council's response to the risks recorded by central government on the National Risk Register (NRR). The updated NRR is due to be published in the near future. When it is, Wiltshire Council will work within the Local Resilience Forum to produce an appropriate response. In the meantime Wiltshire Council's pre-existing response to the previous NRR is shown in the grey rows above.

Each risk is fully defined by the responsible service (who assess the cause, event and effect that make up the identified risk).

Each risk is scored for impact and likelihood to give an overall score. A risk is scored twice; firstly, as inherent (the current level of risk) and then as residual (the risk as it would be once all the planned mitigating actions are in place).

The confidence in the implementation of these mitigating actions is assessed as high, moderate or low. This guides the reader of the register to understand the true current risk.

A whole range of service risks are kept under observation each quarter.