

Wiltshire Council

Full Council

18 July 2023

Capital Programme Additions

Executive Summary

This report sets out the recommendations from the Housing Acquisition report and Financial Year 2022/23 Capital Outturn report approved by Cabinet at their meeting on 18 July 2023. These recommendations add the necessary budgets, with associated funding, to the Capital Programme and support specific activity that deliver Business Plan Priorities to deliver a broad range of housing within Wiltshire for a variety of needs and allocate CIL funding to replace the need for borrowing for Local Highways and Footpath Improvement works.

Proposals

Cabinet recommends to Full Council to approve:

- a) the addition to the capital programme of £40m, funded through £10m reserves and £30m debt, to enable the Council to acquire housing for long term investment to deliver service solutions.
- b) the allocation of £0.800m CIL funding to finance £0.400m per year for 2023/24 and 2024/25 budgets for Local Highways and Footpath Improvement Groups.

Reason for Proposals

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

To request Full Council approval additions to the Capital Programme to support the Councils future activity in delivering the Business Plan priorities.

Terence Herbert
Chief Executive

Wiltshire Council

Full Council

18 July 2023

Capital Programme Additions

Purpose of Report

1. To request Full Council approve additions to the Capital Programme to support the Council's future activity in delivering the Business Plan priorities.

Relevance to the Council's Business Plan

2. The Council's Business Plan has a mission of 'having the right housing', and these proposals will ensure across the breadth of council services that secure housing plays a key part in providing long term solution to meeting residents' needs.
3. Financial 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.

Main Considerations for the Council

4. Reports have been considered by Cabinet and approval given to recommend that Full Council increase the Capital Programme, that impact on the Council's funding and resources (Housing Acquisitions report and Financial Year 2022/23 Capital Programme Outturn report) and the detail for these specific proposal recommendations are included in the paragraphs below.

Housing Acquisitions

5. The Cabinet, as part of the budget setting for 2023/24, set aside £10m in reserve to be used for house purchases to deliver long term solutions to a wide range of service specific need. The intention was to leverage this amount with debt to increase the overall total amount available to acquire houses.
6. The £10m would be leveraged through a 25%/75% equity/debt ratio, thereby increasing the total amount available to fund house acquisitions to £40m.
7. This amount will be used to acquire homes for all types of service need. Whilst it is anticipated that a significant call on this funding will be to ensure the council has adequate cover to meet its statutory functions around housing and homelessness e.g. temporary accommodation, other service need e.g. learning disability, children's and adult social care are also expected to benefit from the availability of this funding to deliver long term service solutions through housing.

8. Business cases will be drawn up by services to access the funding, identifying the need, the number of homes required to meet that need and the savings or cost avoidance the council will see as a result of acquiring the house or houses and delivering services from the newly acquired homes.
9. The saving that is identified in the business case will be used to determine the leverage rate used. For the purposes of this report and the approvals to Full Council, a split of 25% equity, 75% debt has been used, but this could be higher or lower depending on the individual business case. Where a different intervention rate has been applied an adjustment will be made to the budget allocation in the capital programme monitoring report to Cabinet, with the requisite approvals to Full Council.
10. In all cases the key principle will be for savings that are identified through the business case to be removed from the relevant service budget to pay for the debt being raised.

Financial Year 2022/23 – Capital Programme Outturn

11. Approximately two hundred Local Highways and Footpath Improvement Groups schemes have been investigated, designed and delivered. The underspend in 2022/23 of £0.795m was approved by Cabinet to be moved to future years due to increase in demand for projects, staffing resource issues and prioritisation of schemes by the Groups. For 2022/23 £0.400m of spend was funded from CIL. Cabinet approved the recommendation to Full Council, to approve the allocation of £0.800m CIL from the strategic fund to fund £0.400m in 2023/24 and £0.400m in 2024/25 budgets, to replace the funding of LHFIG budgets currently approved to be funded by borrowing.

Overview & Scrutiny Engagement

12. The Cabinet reports were considered by the Financial Planning Task Group on 7 July 2023 and will be considered by Overview and Scrutiny Management Committee at its meeting on 26 July 2023.

Safeguarding Implications

13. None have been identified as arising directly from this report but there is potential that housing acquisition will lead to the council offering wider opportunities and service to vulnerable residents.

Public Health Implications

14. The provision of homes such as temporary accommodation to support the homeless and homes to support other service need such as those with a learning disability and children's and adult social care will help to provide security and independence to some of our most vulnerable residents and help towards reducing inequalities.

Procurement Implications

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

Equalities and diversity impact of the proposals

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

Environmental and Climate Change Considerations

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

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

18. The Council will be exposed to unmanaged rising demand across all services relating to housing need, which will potentially end up in additional cost. In addition, if the approvals do not proceed the Council would not be able to deliver on the Government grant conditions around Ukraine and Afghan families.
19. Spend on Local Highways and Footpath improvements is currently funded by borrowing which places a direct financial pressure on the annual revenue budget.

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

20. The Council will be undertaking increased levels of borrowing to enable the house acquisitions to be undertaken and this will need to be matched with savings to fund the debt financing costs.
21. Governance around the business case and adherence to the principles set out in this report will limit the Councils underlying risk exposure to debt financing costs.
22. The approval of allocating CIL funding to replace borrowing to finance spend on Local Highways and Footpath improvements ensures that pressures on the annual revenue budget are managed effectively and that CIL funding is supporting schemes that add value to communities and the delivery of Business Plan priorities.

Financial implications

23. The financial implications were set out in the Cabinet reports.

Legal Implications

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

Workforce Implications

25. No workforce implications have been identified as arising directly from this report. Capacity to undertake the activity to meet the delivery of the capital programme are either met within existing resources or may be allocated to capital budgets to support the effective and timely delivery of the schemes.

Options Considered

26. Not to proceed and reallocate the £10m in reserves on to other projects and/or activity that delivers business plan outcomes has been considered but rejected. Secure housing plays a critical role in providing long term solutions that meet residents' needs.
27. If the CIL funding is not allocated to replace borrowing to finance spend on Local Highways and Footpath improvements revenue budget will continue to be set aside to support the cost of borrowing.

Conclusions

28. The proposal on this report delivers significant funding to provide long term housing solutions to address unique service needs for Wiltshire and allocates CIL funding to replace the need for borrowing for Local Highways and Footpath Improvement works.

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

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Appendices

None

Background Papers

Housing Acquisitions – Cabinet Tuesday 11 July 2023

[WILTSHIRE COUNCIL](#)

Year End Capital Investment Programme Financial Outturn Position 2022/23 –
Cabinet Tuesday 11 July 2023

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