

AGENDA

Meeting: **Cabinet**
Place: **The Kennet Room - County Hall, Trowbridge BA14 8JN**
Date: **Tuesday 12 July 2022**
Time: **10.00 am**

Please direct any enquiries on this Agenda to Stuart Figini, of Democratic Services, County Hall, Trowbridge, direct line 01225 718221 or email stuart.figini@wiltshire.gov.uk

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All public reports referred to on this agenda are available on the Council's website at www.wiltshire.gov.uk

Membership:

Cllr Richard Clewer	Leader of the Council and Cabinet Member for Climate Change, MCI, Economic Development, Heritage, Arts, Tourism and Health & Wellbeing
Cllr Laura Mayes	Deputy Leader and Cabinet Member for Children's Services, Education and Skills
Cllr Jane Davies	Cabinet Member for Adult Social Care, SEND, Transition and Inclusion
Cllr Phil Alford	Cabinet Member for Housing, Strategic Assets and Asset Transfer
Cllr Ian Blair-Pilling	Cabinet Member for Public Health and Public Protection, Leisure, Libraries, Facilities Management and Operational Assets
Cllr Nick Botterill	Cabinet Member for Finance, Development Management and Strategic Planning
Cllr Dr Mark McClelland	Cabinet Member for Transport, Waste, Street Scene and Flooding
Cllr Ashley O'Neill	Cabinet Member for Governance, IT, Broadband, Digital, Licensing, Staffing, Communities and Area Boards

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The full constitution can be found at [this link](#).

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Part I

Items to be considered while the meeting is open to the public

Key Decisions Matters defined as 'Key' Decisions and included in the Council's Forward Work Plan are shown as 

1 **Apologies**

2 **Minutes of the previous meeting** (*Pages 7 - 20*)

To confirm and sign the minutes of the Cabinet meeting held on 21 June 2022.

3 **Declarations of Interest**

To receive any declarations of disclosable interests or dispensations granted by the Standards Committee.

4 **Leader's announcements**

5 **Public participation and Questions from Councillors**

The Council welcomes contributions from members of the public. This meeting is open to the public, who may ask a question or make a statement. Questions may also be asked by members of the Council. Written notice of questions or statements should be given to Stuart Figini of Democratic Services stuart.figini@wiltshire.gov.uk 01225 718221 by 12.00 noon on Wednesday 6 July 2022. Anyone wishing to ask a question or make a statement should contact the officer named above.

6 **Year End Revenue Financial Outturn Position 2021/22** (*Pages 21 - 58*)

Report of the Chief Executive.

7 **Year End Capital Investment Programme Financial Outturn Position 2021/22** (*Pages 59 - 82*)

Report of the Chief Executive.

8 **Treasury Management Outturn Report 2022/23** (*Pages 83 - 108*)

Report of the Chief Executive.

9 **UK Shared Prosperity Fund Investment Plan** (*Pages 109 - 130*)



Report of the Chief Executive

10 **Enhanced Highway Maintenance** (*Pages 131 - 140*)



Report of the Chief Executive

11 **Future Chippenham** (*Pages 141 - 148*)

 Report of the Chief Executive

12 **Urgent Items**

Any other items of business, which the Leader agrees to consider as a matter of urgency.

Part II

Items during consideration of which it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed

13 **Exclusion of the Press and Public**

This is to give further notice in accordance with paragraph 5 (4) and 5 (5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 of the intention to take the following item in private.

To consider passing the following resolution:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Number 14 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 and 5 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

Reason for taking item in private:

Paragraph 3 - information relating to the financial or business affairs of any particular person (including the authority holding that information).

Paragraph 5 - Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

14 **Future Chippenham** (*Pages 149 - 158*)

 Report of the Chief Executive

Reason for taking item in private:

Paragraph 3 - information relating to the financial or business affairs of any particular person (including the authority holding that information).

Paragraph 5 - Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

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Cabinet

MINUTES OF THE CABINET MEETING HELD ON 21 JUNE 2022 AT THE KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Richard Clewer (Chairman), Cllr Jane Davies, Cllr Phil Alford, Cllr Ian Blair-Pilling, Cllr Nick Botterill, Cllr Dr Mark McClelland and Cllr Ashley O'Neill

Also Present:

Cllr Clare Cape, Cllr Gavin Grant, Cllr Nick Holder, Cllr Tony Jackson, Cllr Gordon King, Cllr Dominic Muns, Cllr Martin Smith, Cllr Caroline Thomas, Cllr Ian Thorn, Cllr Jo Trigg and Cllr Graham Wright

Cllr Johnny Kidney and Cllr Pip Ridout attending the meeting via a Teams link.

44 **Apologies**

Apologies were received from Cllr Laura Mayes.

45 **Minutes of the previous meeting**

The minutes of the meeting held on 26 April 2022 were presented.

Resolved:

To approve as a correct record and sign the minutes of the meeting held on 26 April 2022.

46 **Declarations of Interest**

There were no declarations of interest.

47 **Leader's announcements**

1. The Leader provided an update on the work being undertaken by the Council to combat the recent increases in the cost of living. The full text can be found in the supplementary agenda at this [link](#).

Cllr Ian Thorn welcomed the announcement on the Council's response to the issues being faced by Wiltshire residents. Cllr Thorn commented further on the following matters – the importance of signposting residents

to the help being offered by the Council, especially those without access to the internet, welcomed the solar panel initiative, thanked the Leader for future updates and noted the challenge for food banks to provide fresh fruit and vegetables.

Cllr Gavin Grant also welcomed the announcement and highlighted the work of Area Boards in funding community fridges in a number of communities, the challenges for mobile home park residents qualifying for fuel bill support and the potential for the Council to facilitate the collective purchasing of fuel oil.

2. The Leader commented on recent visits to Bemerton Heath – Salisbury and Studley Green – Trowbridge. He highlighted the on-going work between partners and local organisations to tackle higher levels of deprivation in those two areas and confirmed that the Director of Public Health would lead the programme. Updates would be provided on the work being undertaken.

48 **Public participation and Questions from Councillors**

General questions were submitted from the following member of the public:

- Colin Gale – Parking Concessions to Disabled Blue Badge Holders
- Colin Gale – on behalf of Rushall Parish Council – Freight Management Assessments

Cllr Richard Clewer, Leader of the Council and Cabinet Member for Climate Change, MCI, Economic Development, Heritage, Arts, Tourism and Health & Wellbeing explained that the above questions had received written responses which were published on the Council's website prior to the meeting, which can be accessed [here](#) at supplement 1.

Colin Gale commented further on his original question in relation to Blue Badge Holders. Cllr Dr McClelland reiterated the response given to the original question and confirmed that a final decision would be made once he had received a report on the outcome of the public consultation.

Questions were also submitted from Cllr Ian Thorn, which received responses on the following topics, which can be accessed [here](#) at supplement 1:

- Wiltshire Schools and impact of energy price increase
- Council response to the independent review of children's social care by Josh MacAlister

Cllr Thorn indicated that he had a supplementary question to the second bullet point above and asked how the Council's response would be shared with Council Members. Officers confirmed that the response would be considered by a future meeting of the Children's Select Committee.

49 Capital Strategy for Early Years Provision

Cllr Dominic Muns, Portfolio holder for Education presented a report which outlined the reasons that capital is required to replace old and unsustainable temporary buildings currently leased by a number of childcare providers, and a new policy to support the investment.

Cllr Muns reported that the early years settings enabled the Council to meet its statutory duty to ensure sufficient childcare within Wiltshire. A new policy is required to agree how to replace 23 temporary units that are currently leased to early years providers. Replacing these buildings will reduce the Council's financial liability in the longer term and safeguard the 702 early years places currently provided by these organisations, enabling the Council to continue meeting its statutory duty to ensure there is sufficient childcare within the county.

Cllr Ian Thorn commented on the Council's liability beyond the 10-year contribution period, the providers ability to raise funds, the Council's role in providing funds and the length of lease arrangements between the Council and providers. In response, the Leader, Cllr Muns and officers explained that the existing providers are responsible for replacing the building and the statutory duty to provide early years childcare is with the Council, the Council was confident that providers had the ability to raise any necessary funds over the 10-year replacement period, in the event that a provider was not able to raise sufficient funds, the Council would consider each case on its individual merits. A written response would be provided in relation to the comment on lease arrangements between the Council and the provider.

Cllr Gavin Grant commented on the consultation undertaken with providers, the state of the marketplace, future monitoring of the replacement programme and the potential for use of S106 monies towards the provision of replacement buildings. In response, Cllr Muns and officers explained that providers had been consulted and had expressed their support for the proposals, the marketplace provided new opportunities for some providers whilst others would choose to not continue providing the service, the replacement programme would be closely monitored by officers, and S106 monies would be relevant for new demand rather than existing demand and would be factored into any planning development should there be a change in demand for places in a particular area.

Resolved:

- 1. To agree a policy to contribute towards the cost of replacing 23 existing building over a 10-year period assuming all other available options are explored such as other private landlords or maintained schools in the community area who could, due to falling birth rates have unused classroom space.**

2. **To agree that the future liability of the maintaining and further replacement or enhancement of the building would be the responsibility of the early years childcare provider**
3. **To agree to a maximum contribution of 25% of the capital cost of a new building, (based on maximum total place funding of £24,382 per existing place) however, this will be limited to the number of places required at the time of application**
4. **To delegate any further decisions relating to this matter to the Director of Procurement and Commissioning in consultation with the Director for Education & Skills and Cabinet Member with responsibility for Children, Education, and Skills**

Reason for decisions:

Early years settings provide essential childcare places to meet the demand from families and children. Buildings leased to providers by the Council are required in order to support this demand. Without ongoing investment, the Council will fail to meet its statutory duty in providing sufficient childcare places within Wiltshire, and children could be without early years education places to meet their needs

50 **Children's Centre Services Contract Extension**

Cllr Richard Clewer, Leader of the Council and Cabinet Member for Climate Change, MCI, Economic Development, Heritage, Arts, Tourism and Health & Wellbeing presented a report which outlined the reasons why a one-year extension to the children's centre services contract would help to maintain the current early help services offered by the children's centre contract holders and allow preparation for transformation to a Family Hub model.

The Leader highlighted the importance of Children's centre services and how the service is a vital resource for parents with very young children (aged 0-5), through the delivery of advice and support to families in Wiltshire for the last 18 years.

The Cabinet noted that there are 11 children's centre buildings operating across the county, and further community spaces where services are delivered across each area, as well as offering services in family homes. The children's centre services contracts are due to expire on 31 March 2023.

Cllr Ian Thorn commented on the funding of the new hubs and the impact of an unsuccessful bid. In response, the Leader and officers confirmed that the transformation to Family Hub model was a logical step forward and aligned to Government direction, bids for Government funding would be submitted and in the event of these not being successful alternative sources of funding would be accessed.

Cllr Gavin Grant expressed his support for the move to Family Hubs and commented on the excellent work of the RISE Trust in Malmesbury. He also commented on future hub buildings and the scope of providers in relation to the extension of the current arrangements. In response, officers confirmed that they had been in discussions with existing providers about the extension of the current contract.

Resolved:

- 1. Cabinet agrees to the negotiation of a one-year contract extension with the current children's centre commissioned providers (Spurgeons and The RISE Trust) until 31st March 2024. This will allow officers to undertake due diligence and a full consultation with parents and partners organisations to ensure that the development of Family Hubs in Wiltshire meets the needs of local communities.**
- 2. The decision to award a one-year contract and authority for the completion of all necessary legal documentation is delegated to the Director of Procurement & Commissioning in consultation with the Corporate Director of People, and the Cabinet Member for Children, Education & Skills. A paper will be presented to Cabinet to recommend the future Family Hub model following the consultation events later this year.**

Reason for decision:

The Government has committed to championing Family Hubs, which are a way of joining up locally and bringing existing family help services together to improve access to services, connections between families, professionals, services, and providers, and putting relationships at the heart of family help.

Family Hubs bring together services for families with children of all ages (0-19) or up to 25 with special educational needs and disabilities (SEND), with a great Start for Life offer at their core. They can include hub buildings and virtual offers, but the following principles are key to the family hub model:

More accessible

– through clearly branded and communicated hub buildings, virtual offers, and outreach.

Better connected

– family hubs drive progress on joining up professionals, services, and providers (state, private, voluntary) – through co-location, data sharing, shared outcomes, and governance. Moving from services organised for under-fives to families with children of all ages reduces fragmentation (even though an emphasis on early years and the 'Start for Life' offer will remain).

Relationship-centred

– practice in a Family Hub builds on family strengths and looks to improve family relationships to address underlying issues.

For Family Hubs to be effective and ready to run from March 2024 there is a requirement for a period of consultation and redesign and so an extension to the current children's centre services contract would be necessary to allow sufficient time for these developments.

The Government is making funding available to Local Authorities to transform their services into Family Hubs. Wiltshire will submit bids for this funding. If the funding bids are not successful there is still a desire to move to a Family Hub model from April 2024.

51 **Procurement of Passenger Transport Contracts**

Cllr Dr Mark McClelland Cabinet Member for Transport, Waste, Street Scene and Flooding presented a report seeking approval to tender for a new Dynamic Purchasing System (DPS) for the procurement of passenger transport contracts.

Cllr Dr McClelland explained that the Council spent about £31.3m per annum providing passenger transport services, £27.4m being procurable spend. The contracts are procured using mini competitions through a DPS, which is a type of framework but with the advantage of suppliers being able to apply to join at any time. With the current DPS due to expire in September 2022 the report sets out why a DPS should continue to be adopted and how this might be achieved.

Cllr Ian Thorn commented on the level of procurable spend per annum in the new DPS compared to current levels, the approved budget for passenger transport, the need to encourage the public to use public transport and that there appeared to be no equalities impact in relation to the tender process. In response, the Cllr Dr McClelland and officers confirmed that the level of spend for passenger transport would increase over time, the figures detailed in the report referred to the total budgetary figures and bus companies were still experiencing the impact of Covid-19 on the number of passengers.

In response to a question from Cllr Clare Cape about outcomes improvements, Cllr Dr McClelland explained that the document was ambitious and improvements would be realised in the future.

Resolved:

- i. Cabinet agrees to the introduction of a revised Dynamic Purchasing System (DPS) as a platform for the procurement of passenger transport contracts.**
- ii. Cabinet delegate the responsibility for the award of contracts onto the DPS to the Director for Highways & Transport in consultation with the cabinet member.**

- iii. Start date of proposed DPS arrangement will be from 01 September 2022 with an initial end date of 31 August 2027 with an optional extension of 2 years bringing this to a total of 7 years ending 31 August 2029**

Reason for decision:

To ensure that Wiltshire Councils passenger transport contracts can be procured in an efficient and transparent manner, whilst maximising the market and potential cost savings.

52 **PHNS Future Delivery Model**

Cllr Ian Blair-Pilling, Cabinet Member for Public Health, Public Protection, Leisure, Libraries, Facilities Management and Operational Assets presented a report which provided information about the short term future of Wiltshire's Public Health Nursing Services currently delivered by HCRG Care Group as part of Wiltshire's Children's Community Healthcare Services contract.

Cllr Blair-Pilling explained that the HCRG contract is a collaborative commissioning arrangement between the Council, NHS Bath and North-East Somerset, Swindon and Wiltshire Clinical Commissioning Group, with a total value for 2020/21 of £13.6m. He reminded Cabinet that in March 2022 they agreed a further one-year contract to be negotiated with HCRG Care Group to enable due diligence of the options to be completed and for full consultation to be undertaken with children, young people and families if required. Taking the contracting period to 31 March 2024.

The report presented 3 options that had been considered by the Wiltshire Locality Commissioning Groups, and it was agreed for an in-depth option appraisal of the options be undertaken. The Options Appraisal was included under Part II of this agenda and was available for the Cabinet to formally consider prior to and during the meeting. The Cabinet, in considering the overall report did not have questions on the Options Appraisal and therefore the meeting remained open to the press and public. It was noted that the preferred option was option 1a and following further consideration of the procurement options a modified version of this option was identified which was thought to be more favourable.

Cllr Johnny Kidney, Chairman of the Health Select Committee, confirmed that the Health Select Committee had considered the report at its meeting on 7 June 2022. The Committee welcomed the proposals and was supportive of the Council and Clinical Commissioning Group issuing their own terms and conditions, and the report recommendations maintaining the benefits of an integrated service, whilst protecting the Council's interests. The Committee

were also given assurances that appropriate resources would be available for the commissioning work.

Resolved:

That Cabinet agrees to:

- **undertake a single procurement of a combined universal and specialist children's community health service with separate terms and conditions for the respective Council and CCG elements of the contract.**
- **ensure a clear collaborative commissioning agreement is in place**
- **strengthen the emphasis on PHNS-partnership and integration with non-health services through the commissioning process**
- **delegate to the Director of Public Health and Director of Procurement & Commissioning in consultation with the Corporate Director of People and Corporate Director of Resources/Deputy Chief Executive to agree the award of a contract following the tendering process.**

Reason for decision:

The contract with HCRG Care Group to deliver the Wiltshire Children's Community Healthcare Service expires on 31 March 2024 following completion of an exceptional 1 year contract agreed at Cabinet on 29 March 2022. There is a need to decide on the provision of Public Health Nursing Services from 1 April 2024.

53 Disposals Programme Update

Cllr Phil Alford, Cabinet Member Housing, Strategic Assets and Asset Transfer presented a report which provided detail about (i) capital receipts targets for the last year and the target for the next two financial years; and (ii) confirmed the freehold interest in 4 assets to be declared surplus and reviewed to determine the best financial return for the Council.

Cllr Alford was pleased to report that capital receipts had surpassed forecasts by £718,478, which in turn would support the business plan and the Medium Term Financial Strategy.

Cllr Ian Thorn congratulated the Cabinet member for achieving a surplus and asked for further information about the adjoining development to the Housing Revenue Account (HRA) land in Hindon and whether the HRA strip of land at this location was a ransome strip. The Leader asked officers to provide a written response.

Resolved:

- **That Members note the position in respect of disposals for financial year 2021/22 and the projected receipts for 2022/23.**
- **That Members confirm that freehold interest of the 4 assets can be sold to either generate capital receipts in support of the Council's capital programme or reused to generate income or service delivery, community or strategic outcomes for the Council.**
- **Where the decision is to dispose, authorise the Director for Assets and Commercial Development to dispose of the freehold interest in the assets or in his absence the Corporate Director Resources.**

Reason for decision:

To note the current position in respect of capital receipts and the targets for the financial years 2021/22 and 2022/23 and confirm the freehold interest in the 4 assets can be sold to generate capital receipts, after a review of the options to determine how the best overall interest of the Council can be achieved.

54 **Integrated Care System**

Cllr Richard Clewer, Leader of the Council and Cabinet Member for Climate Change, MCI, Economic Development, Heritage, Arts, Tourism and Health & Wellbeing presented a report outlining the development of place-based collaboration between Wiltshire Council and NHS partners through the Wiltshire Alliance.

The Leader reported that the Health and Care Act 2022 focussed on setting out how the health and social care system should be based on integration rather than competition, its structure and how Integrated Care Systems will be set up with distinct statutory functions for the Integrated care Board and Integrated Care Partnership. The Leader also confirmed that the Clinical Commissioning Groups would cease to exist from the end of June 2022.

Cllr Johnny Kidney, Chairman of the Health Select Committee, reported that the Committee had considered the report at its meeting on 7 June 2022. The committee was reassured that Wiltshire residents should not see any immediate change and they noted that new terms of reference for the proposed 'place based' structures will be submitted after July 2022. These will be key for the Committee, as they anticipate most of their future work to be focused at 'place level'. Cllr Kidney stated that the Committee looked forward to continuing to scrutinise the ICS, particularly any further proposals for pooling of budgets and benefits realised from improved collaboration

Cllr Ian Thorn thanked Cllr Kidney for his reassurances of the Scrutiny process and asked if there was likely to be any increase in budgets due to the development of the new system. In response the Leader confirmed that there

were no increases in available budgets and that NHS deficits had been significantly reduced as part of the development process.

Resolved:

That the further development of place-based working arrangements through the Wiltshire Alliance be noted.

Reason for decision:

In December 2021, Cabinet endorsed the development of place based working arrangements for health and social care through the Wiltshire Alliance. This paper outlines the current situation ahead of the formal commencement of the Integrated Care System for Bath and NE Somerset, Swindon and Wiltshire.

The meeting was adjourned between 11.25am – 11.30am

55 **Update on the Wiltshire Towns Programme**

Cllr Richard Clewer, Leader of the Council and Cabinet Member for Climate Change, MCI, Economic Development, Heritage, Arts, Tourism and Health & Wellbeing presented a report which provided an update on the activity that has taken place under the Wiltshire Towns Programme, and proposals for delegated authority to enable the development of the Programme and related Levelling Up bids.

The Leader reported that due to a number of reasons, including historical challenges, an increase in online shopping and more recently the challenges associated with Covid-19, the Council has allocated £1m a year between 2021-2025 to support activity on the high street, providing meaningful and transformational support to grow businesses, support employment and transform Wiltshire's high streets to meet the needs of the local community.

Cllr Graham Wright, Chairman of the Overview and Scrutiny Management Committee, on behalf of Cllr Jerry Kunkler, Chairman and Cllr Bob Jones, MBE, Vice-Chairman of the Environment Select Committee, confirmed that the Environment Select Committee had received a comprehensive presentation at its meeting on 14 June 2022. The Committee welcomed confirmation that the Town Forum would be re-established, and endorsed the approach being taken by the Council to support town centres. The Select Committee asked for an update in 12 months.

Cllr Ian Thorn thanked officers for their input and support for the town centres in Wiltshire and encouraged all Councillors to support the Programme. Cllr Thorn commented on the level of direct liaison with retailers, in addition to discussions with city and town councils; opportunities for capacity building; the barriers to businesses; the impact of car parking charges and the differing needs of

retailers in relation to events in town centres. In response, the Leader and officers commented on discussions with retailers, the capacity for retailers to engage with city and town councils, the expectation of support from the business community for the Programme, the cost of parking charges did not appear to discourage the public visiting city and town centres and that retailers may benefit from events in city and town centres.

In response to a question from Cllr Jo Trigg about timelines, officers provided an overview of these for the delivery of the Programme.

Cllr Gavin Grant thanked officers for their input and confirmed that Malmesbury had received support in relation to their action plan. In addition, Cllr Grant commented on vacant high street units, in particular vacant sites occupied by banks; the possibility of exploring the Town Teams model for other towns in Wiltshire; requested reassurances about the functionality of the My Wiltshire app; town councils managing outdoor markets; the development of specific food and drink festivals; promotion of tourism and historic events amongst neighbouring towns; and the need to increase electric charging points in public car parks. In response the Leader and officers highlighted that the Levelling Up agenda may provide the Council with the ability to auction empty retail sites, encouraging other retailers into city and town centres; it would be more appropriate for town councils to operate outdoor markets due to their diverse nature; encourage town councils to work with tourist information centres to promote tourism and historic events in neighbouring towns;

Cllr Dominic Muns – commented on a recent exhibition held at a local Wiltshire museum which generated a significant income for the local area from 12,500 visitors.

Resolved:

- **Note the contents of this report and the progress on the Wiltshire Towns Fund to date**
- **Delegate authority to the Corporate Director for Place, and Head of Economy and Regeneration, in consultation with the Cabinet Member for Economic Development, to implement the activities described.**
- **Delegate authority to the Corporate Director for Place, in consultation with the Cabinet Member for Economic Development, to develop and submit potential business cases to the Levelling Up capital programme.**

Reason for decision:

To provide an update on activities undertaken through the Wiltshire Towns Programme and confirm planned future activities necessary to support town centres to recover and respond to ongoing economic challenges.

56 Change in commissioning care at Furlong Close

Cllr Jane Davies, Cabinet Member for Adult Social care, SEND, Transition and Inclusion presented the report which outlined the requirement to change the covenant for Furlong Close site.

Cllr Davies reminded members of the issues surrounding the ownership and delivery of services for the site, and the unsuccessful tendering process to secure an alternative provider. Cabinet were informed that an inspection of the site was undertaken by the Care Quality Commission, with their report being published in September 2021 which found the service to be inadequate, with a further report in March 2022 finding the service as requiring improvement.

The report highlighted that during this time officers have worked closely with the Friends and Families of Furlong Close to support alternative arrangements on the site. The sale of the land and buildings by the current provider to Specialised Support Housing were being concluded and officers have supported discussions for the site to change from Residential to Supported Living, in line with the wishes of residents and the Friends and Families Group. To deliver Supported Living on site a covenant held by the Council (restricting use to residential care only) would need to be varied to enable C3b use, therefore securing the long-term future of Furlong Close.

Cllr Johnny Kidney, Chair of the Health Select Committee confirmed that he received a Chairmans briefing on 17 June 2022. He reported that on behalf of the Select Committee he was pleased with the solutions reached and supported the proposals to vary the covenant to C3b.

Cllr Ian Thorn congratulated the Council on the outcome achieved and thanked officers for their input. He noted that any further variations to the Council covenant would require Cabinet consideration and approval.

Cllr Graham Wright, Chairman of the Overview and Scrutiny Management Committee, explained that, going forward, all Scrutiny Select Committee Chair's would receive information on financial issues included in Cabinet reports, in addition to the Financial Planning Task Group.

Resolved:

- 1. Cabinet agrees to a variation of the covenant from C2 to C3b use only.**
- 2. Cabinet agrees that a first nomination rights agreement is sought in favour of the Council to cover the situation if voids arise at Furlong Close.**
- 3. Cabinet agrees to delegate to the Director of Procurement & Commissioning in consultation with the Corporate Director of People and the Corporate Director of Resources/Deputy Chief**

Executive all necessary steps, including the variation of the covenant and the nomination rights agreement.

Reason for decision:

The Council has worked closely with the Friends and Families group to seek a long-term solution for Furlong Close. A provider to deliver residential care could not be found through a tender process, and there was also the risk that CQC would not approve registration due to the model not meeting their standards of care. Supported Living is concordant with CQC standards of care and will provide more opportunities for residents to develop independent lives and secure tenancies for their homes in line with their wishes.

57 **Urgent Items**

There were no urgent items.

58 **Exclusion of the Press and Public**

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Number 59 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

59 **PHNS Future Delivery Model**

The Cabinet noted the Options Appraisal report attached as an appendix to the main report at minute 52 above.

Resolved:

To note the Options Appraisal report.

(Duration of meeting: 10.00 am - 12.40 pm)

The meeting was adjourned between 11.25am – 11.30am

The Officer who has produced these minutes is Stuart Figini of Democratic Services,
direct line 01225 718221, e-mail stuart.figini@wiltshire.gov.uk

Press enquiries to Communications, direct line ((01225) 713114 or email
communications@wiltshire.gov.uk

Wiltshire Council

Cabinet

12 July 2022

Subject: Financial Year 2021/22 – Revenue Final Financial Year End Position

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 final year end outturn position for the Council as at 31 March 2022 for the financial year 2021/22.

The report provides detail of the final financial position for services and provides details of variances against budgets following the quarter three budget monitoring reported to Cabinet on 1 February 2022. The overall financial variances for the financial year can be seen in Appendix A.

The quarter three budget monitoring report presented to Cabinet in February forecast an underspend of £14.824m for the financial year. It was approved at that meeting to set aside £2m into a Pay Reserve to support the funding that was required for the 2021/22 pay award, with any remaining surplus put towards the 2022/23 pay award over and above the 2% amount budgeted for. The balance of £12.824m was to be set aside in the Budget Equalisation Reserve to help support the future years budget setting processes.

The final position for the year has again improved during the last quarter and requests are made to transfer £4.098m, of which some relate to government grants, into specific earmarked reserves to support planned activity in 2022/23 and future years. The final year end position, after taking into account those reserve movements, shows an underspend of £11.483m.

This improved position allows for a further £2.8m to be transferred to the General Fund reserve to increase the Councils financial resilience now and also removes the need for future contributions planned to increase this reserve to a risk assessed required level.

The position also allows for one off funding to be set aside to mitigate the pressure that all Councils are facing in 2022/23 due to the significant unforeseen rise in inflation. At the time the budget was set the Council estimated CPI at 4% over the course of 2022/23, CPI currently stands at 9.1% and is expected to rise to at least 10% by September 2022.

Therefore, £7m of the £11.483m underspend will be set aside to meet a range of costs and pressures because of unforeseen inflationary increases. This report has therefore prudently set out proposals to set aside these funds to ensure the financial sustainability and resilience of the Council to continue to deliver services over the medium term.

The balance of the underspend, £1.683m, will be transferred into the Councils Business Plan priority reserve, to deliver on the outcomes set out in the Councils approved Business Plan. This report contains proposals on the use of that reserve to the benefit of resident and communities in Wiltshire. Further proposals to use the remaining £0.630m balance of the Business Plan Priority reserve will be brought forward by Cabinet at a future date.

Proposal

Cabinet is asked to note:

- a) the revenue budget outturn position for the financial year 2021/22;
- b) the contributions to and from earmarked reserves as planned;

Cabinet are asked to approve:

- c) the transfer of £12.824m to the Budget Equalisation reserve as set out in the Quarter 3 budget monitoring report;
- d) the transfer in total of £4.098m to earmarked reserves as detailed in the report and Appendix B;
- e) the transfer of the balance of the £11.483m underspend as follows:
 - i. £2.8m to be transferred to the General Fund reserve;
 - ii. £7m to be set aside and transferred to a new Inflation reserve for 2022/23;
 - iii. the balance of £1.683m to the Business Plan Priority reserve.
- f) Authorise the commitment of funds from the Business Plan Priority Reserve to fund the following over the next 3 years:
 - £1m on gully emptying.
 - £0.450m on Fly Tipping enforcement.

Reason for Proposal

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

To inform Cabinet on the final financial year end revenue outturn position for the Council for the financial year 2021/22, including delivery of approved savings.

To improve the Councils financial resilience by increasing the balance on the General Fund reserve now and setting aside funds in earmarked reserves to prudently assist in managing the Councils future pressures and budget gap.

Terence Herbert
Chief Executive

Wiltshire Council

Cabinet

12 July 2022

Subject: Financial Year 2021/22 – Revenue Final Financial Year End Position

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 final year end financial outturn position for the financial year 2021/22 (31 March 2022) for revenue with the necessary approvals as appropriate.

FINANCIAL IMPACT OF THE COVID-19 EMERGENCY

Government Funding for the COVID-19 Emergency

2. Although the overall impact of COVID-19 was not as significant in 2021/22 as the previous financial year there was a continued need for some elements of funding from government to support on-going activity and impacts.
3. The scheme to compensate Councils for an element of lost income from services such as Car Parking continued in the early part of 2021/22 and £1.031m was received, giving a total received under this scheme of £7.118m across the 2 financial years.
4. As part of the government response to the economic impact of COVID-19 and lockdown restrictions, additional business rates mandatory reliefs continued for some business sectors. These mandatory reliefs are usually fully funded by government by way of a section 31 grant and are then paid in the following year when the deficit is realised. To ensure councils did not run into any cashflow problems as a result of the reduce Business Rates income Central Government paid an amount during the year. Due to the timing differences any loss will be recognised in the following years, with some losses being mandated to be spread across the following three financial years. The payment of the grant last year resulted in significant additional grant in excess of budget but this was set aside to fund the expected deficit this year.
5. Significant other revenue funding was received and can be seen in table 1 below. Some of this funding is where the council are simply acting as the paymaster where other funding is to fund specific service provision.

Table 1 – Funding Received from Government

Grant Description	Earmarked Reserve £m	2021/22 Received Allocation £m	Total 2021/22 £m
Covid 19 New Burden Grant	-	- 0.619	- 0.619
Vulnerable - Clinical	- 0.535	- 0.801	- 1.336
Hospital Discharge / NHS funding	-	- 21.679	- 21.679
Wellbeing for Education Return	- 0.080	- 0.072	- 0.152
Local Outbreak Management Plan	-	- 0.107	- 0.107
Winter Grant / Local Grant / Household Support Grant	-	- 4.311	- 4.311
Contain Outbreak Management Fund	- 8.041	- 2.807	- 10.848
Business Grants	- 9.212	- 4.491	- 13.703
Infection Control & Testing 2021/22	-	- 3.116	- 3.116
Test & Trace	-	- 1.189	- 1.189
Sales Fees & Charges Support	-	0.001	0.001
Catch up Schools	-	- 0.964	- 0.964
Community Testing	-	- 0.018	- 0.018
CBSSG Restart	-	- 0.774	- 0.774
Mass Test Funding Schools	-	- 0.283	- 0.283
Practical Support for Self Iso	-	- 0.197	- 0.197
Infection Cont & Testing Round 4	-	- 3.075	- 3.075
Inf Cont & Testing Round 5	-	- 4.878	- 4.878
Recovery Premium Schools	-	- 0.348	- 0.348
School Led Tutoring	-	- 0.304	- 0.304
Workforce Recruitment and Retention Fund	-	- 1.372	- 1.372
Infection Control Omicron Grant	-	- 0.456	- 0.456
Workforce Recruitment & Retention Fund 2	-	- 2.279	- 2.279
Bus Recovery Grant BRG	-	- 0.194	- 0.194
TOTAL	- 17.868	- 54.333	- 72.201

6. The council continued to submit claims to HMRC against the furlough scheme. This scheme was extended to 30 September 2021 and the council claimed £0.094m for the financial year, with the total claim over the 2 financial years is just in excess of £2.624m split between £2.350m for the council and £0.274m for Wiltshire maintained schools. The schools' element of this funding has been passed directly to those schools.

FINAL YEAR END REVENUE OUTTURN POSITION 2021/22

7. The Council approved a net budget for 2020/21 of £412.561m at its meeting on 23 February 2021. The following paragraphs focus on the outturn variances against the budget.

8. The Q3 report forecasts were the best estimates at that point in time, and the variance in the last quarter has been as a result of many different elements. The main reasons are explained in the following paragraphs, and include areas such as additional grant funding received late in the year and better than forecast fees and charges income in services such as Leisure.
9. At the end of the 2020/21 financial year £7.895m was set aside in a Latent Demand reserve to help support expected increase in demand in services such as Families and Children's Services and Living and Ageing Well that had been suppressed during the COVID-19 lockdown periods. There was a risk that this demand would outstrip the demand increases that had been built into the 2021/22 budget however this demand did not present during the year. There has therefore been no need to draw down from this reserve in the year as demand has been managed within the budget and hence this reserve remains in place to meet future demands above the level built into the budget.
10. Other aspects of changing behaviours as the country opened back up has made some areas of the council exposed to additional uncertainty, and original estimates of costs and income and on-going impacts of COVID-19 tricker to forecast however services have actively managed costs to ensure the year end position is a favourable one.
11. Overall, these factors have improved the position for the Council as at the year end, but this should be contexed that additional COVID-19 funding and support has been received from government to help support some areas of on-going activity.
12. The proposals for transfers to earmarked reserves reflect some delay to projects that were expected to be delivered during 2021/22 and also recognise the need to set aside funding for transformation across the council to reshape services so they meet on-going need effectively and to become a financial sustainable council.
13. The additional request to set funding aside for risks that are present in the 2022/23 budget in both a new Inflation Risk reserve and the additional contribution to the General Fund reserve recognises the expectation that there will be pressure on the 2022/23 budget and that the council requires time to deliver transformational changes. This is a sensible approach to protect critical services from cuts during the year and to support delivery of the priorities set out in the Business Plan.

Revenue Budget

14. The following elements of this report reflect the management responsibility in line with the approved management hierarchy. The breakdown of the provisional outturn position is set out in table 2 below.

Table 2 – 2021/22 Summary Position

	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Year End Actual position</i>	<i>Budget Equalisation Reserve</i>	<i>Requested EMR Movements</i>	<i>Outturn Variance</i>
	<i>A</i>	<i>B</i>		<i>E</i>	<i>F</i>	<i>G</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
<i>Corporate Director People</i>	213.252	239.742	226.820	5.315	2.852	4.755
<i>Corporate Director Resources</i>	58.102	37.548	34.810	1.648	0.330	0.760
<i>Corporate Director Place</i>	96.414	95.539	87.307	3.877	0.891	3.464
<i>Chief Executive Directorates</i>	20.207	20.591	18.283	1.664	0.025	0.619
<i>Corporate</i>	24.586	19.141	16.369	0.319	-	2.453
TOTAL COUNCIL GENERAL FUND	412.561	412.561	383.589	12.823	4.098	12.051
<i>WC Funding</i>	<i>(412.561)</i>	<i>(412.561)</i>	<i>(411.993)</i>	-	-	<i>(0.568)</i>
COUNCIL GENERAL FUND NET OF FUNDING	(0.000)	(0.000)	(28.404)	12.823	4.098	11.483

Overview of provisional outturn position 2021/22

15. Overall, this outturn report presents an underspend of £11.483m, and the detail of this can be seen in Appendix A. £4.098m is requested to be set aside in specific earmarked reserves to help manage pressures in the following financial year and beyond and provide funding for planned activities.
16. Set out in the budget 2022/23 report the risk assessed level of General Fund Reserve required additional contributions in future years to achieve a robust level of funding and to provide capacity and resilience to support the Councils ongoing financial position. It is sensible to take advantage of the favourable year end position and set £2.8m aside earlier than planned, and this report recommends a transfer of £2.8m to the General Fund Reserve. This will provide a level of reserves commensurate with the level of risk assessed when the budget was set and a full risk assessment will be undertaken as part of the budget setting process for 2023/24 to ensure changes to risks continue to be understood and financial resources set aside as part of mitigation mechanisms.
17. Nationally inflation is seeing a significant increase with current inflation indices more than double the level on which the budget was set. Forecasts are for inflation to continue to increase, and it is recommended to set aside £7m of the underspend into a new Inflation Risk reserve to help manage the pressure that the council faces. This will provide funding for both pay and non-pay inflation pressure.
18. The balance of £1.683m is proposed to be transferred to the Business Plan Priorities reserve to provide further funding to support additional activity on delivering on the Councils approved Business Plan.
19. As expected there is a significant deficit again this year on the Collection Fund although the position for the year has seen an improvement on the previous. Section 31 grants set aside in an earmarked reserve from 2020/21 have been drawn down to offset the deficit. The remaining balances of £10.933m on the Section 31 Collection Fund Grant and the Collection Fund Volatility Reserve of £6.438m will be carried forward to fund the deficit next year. It remains unclear how long the economic impact of COVID-19 will impact on the Collection Fund and

how quickly the economy will bounce back so that income from local taxation returns to pre-COVID-19 levels.

20. Details of significant variances within service areas are included below.

CORPORATE DIRECTOR - PEOPLE

Table 3

	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Year End Actual position</i>	<i>Budget Equalisation Reserve</i>	<i>Requested EMR Movements</i>	<i>Outturn Variance</i>
	<i>A</i>	<i>B</i>		<i>E</i>	<i>F</i>	<i>G</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Corporate Director People						
Living and Ageing Well	52.372	70.046	68.883	(1.720)	1.008	1.875
Whole Life Pathway	78.007	80.957	74.717	3.874	1.409	0.957
Education & Skills	20.398	27.695	27.001	1.050	0.271	(0.627)
Families & Children Services	62.475	61.044	56.219	2.111	0.164	2.550
TOTAL PEOPLE	213.252	239.742	226.820	5.315	2.852	4.755

Living and Ageing Well: Budget £70.046m – £1.163m underspend

21. Living and Ageing Well budgets underspent by £1.163m. The most significant factor behind this underspend is in respect of housing offset by a small overspend in Reablement.

22. Housing was underspent by £1.436m as a result of income generated being higher than that budgeted and underspends due to reprofiling of spend as a result of the increase in demand and delays due to the pandemic. £1.008m is requested to transfer to reserves. This is to cover debt risk, transformational work, and additional resource until new structures and working practices are in place as a result in the increase in housing demand.

23. Reablement had an overspend of £0.273m at outturn. This is due to the employment of locum Occupational Therapists throughout the year and the pressures in respect of Purchased Care. There has been a discernible shift towards people being supported at home, in part due to behaviour changes as a result of Covid-19 but also due to a reduction in availability of care placements in the market.

24. The outturn position for Living and Ageing Well also includes the impact of COVID-19, specifically the Hospital Discharge programme. Since March 2020, hospital discharges have been funded for a period through the NHS. With effect from 1 September 2020 until 30 June 2021 the NHS funded the first 6 weeks, and from the 1 July to 30 September 2021 they funded the first 4 weeks this remained in place until 31 March 2022. After this initial period people transfer to their normal funding arrangements if they have eligible care needs. It was unclear to what extent these funding arrangements would fall on the Council, and how much they

would cost; it was also unclear the extent to which there would be demand, and the cost of that demand, for discharges after the funding arrangement stops, however, these costs were able to be covered in year.

Whole Life Pathway: Budget £80.957m – £6.240m underspend

25. Overall Whole Life Pathway budgets were underspent by £6.240m at outturn. There are a number of reasons that contribute to this figure as detailed below.

26. Learning Disabilities and Autism Support was underspent by £2.512m. This was due to a number of reasons. The most significant of which was an over recovery of income due to contributions from clients towards their care costs being higher than that budgeted and additional contributions from the CCG towards care costs of jointly funded clients. There also continued to be a reduction in the costs of packages. In addition, there was an £0.800m underspend on the Transformation budget due to reprofiling of spend, this is requested to be transferred to earmarked reserve for future use.

27. Community Support has not been operating fully during the financial year, there was a reduced service due to it being necessary to operate within COVID-19 restrictions. For this reason, vacancies have arisen and have not been actively recruited to whilst restrictions remained in place. This position has now changed, but the reduced costs in the early months of the financial year impacted the overall outturn position. In addition, there was an in year change to the charging policy for clients approved by cabinet. There was an underspend of £0.609m of unspent refugee funding which has been requested to be transferred in to earmarked reserves for future use. This overall underspend for this area was £1.521m.

28. Mental Health and Safeguarding had an underspend of £2.207m at the year end. This resulted from contributions from the CCG towards care costs of jointly funded clients which was in excess of that budgeted for. This is due to significant proportions of Mental Health clients known as section 117 clients, and their care is not chargeable.

Education & Skills (School Effectiveness, SEN & Inclusion): Budget £27.695 – £0.693m underspend

29. The impact of the pandemic on schools not operating as they would normally impacted on the amount of service being purchased from the local authority. The impact on reduced income is £0.195m. This has been more than mitigated by work with schools being delayed due to school closure as a result of the pandemic, holding staff vacancies and delaying expenditure to offset costs. In addition, several savings to find schemes were delayed due to the response to COVID-19 taking priority, there were however mitigations in place to replace these. It has been necessary to prioritise supporting schools to open for pupils during and after

the pandemic and as a result the school improvement monitoring and brokerage workplan has been delayed.

30. The early years providers have been largely open to children during the pandemic, even when schools were closed. As a result of this, the lockdown measures in place the early years professional development programme was not able to be rolled out – to mitigate the impact of this the DfE announced an extension to the programme in February 2022.
31. A variety of small variances across School Effectiveness, Targeted, Employment and Skills and Traded Services lead to an overall underspend of £0.214m for 2021-22.
32. A significant number of 5-16-year-old school children with an education care and health plan (EHCP) are entitled to free school transport. The budget was increased significantly in 2020-21 to keep pace with demand however that rate of increased demand has not come to fruition leading to an underspend of £0.466m– this will be largely due to the pandemic but could also be, a more general flattening of the rising trend in this area. Other variances mostly where recruitment market challenges have left unfilled vacancies led to an additional £0.295m underspend in SEND.
33. As a result, it is requested that Cabinet approve the following transfers to specific reserves.
 - a. The DfE have announced local authorities can use the School Improvement Brokerage and Monitoring grant, it is requested that the balance of £0.300m is transferred to support this work in 2022-23.
 - b. Similarly, it is requested that the early years professional development grant funding received in March £0.038m is transferred to a reserve and the virtual school extended duties grant of £0.105m also be transferred to support this work in 2022-23
 - c. A joint funded scheme with the clinical commissioning group (CCG) provides short breaks for children with SEN and disability, the applications window for families was open at year end and the number of applications is estimated at requiring funding of £0.070m. payable in the new financial year.
 - d. The success of the employment and skills team in identifying young people who are not in education employment, or training has led to increased demand, and it is requested that a reserve of £0.057m is created to support this vulnerable group moving forward.

Children & Young People with Social Care Needs: Budget £61.044m – £4.825m underspend

34. This is a volatile, demand driven area. The children in care and special educational needs and disability placement budgets had some additional budget pressure due to several factors including social distancing measures however, these were offset by the significant reduction in numbers of children in care. During the final quarter

of the financial year, commissioning budgets for the families and childrens service area were transferred from the central commissioning team to this service area which has increased the budget by £2.5m.

35. The referrals into children's social care over the past two years have reduced whilst children have not been in school due to the pandemic. The original demand modelling scenario work anticipated significant cost pressure in 2020-21 onwards and whilst we have not yet seen the increase, we are still anticipating this rise in demand. There is evidence of complexity of children's needs increasing and this is reflected in the care and support in place.
36. Families and Children service teams are seeing growth in the complexity and nature of the needs of children and young people as well as volumes increasing in some areas however, numbers of children in care are not as high as previously modelled during the pandemic which is positive. Commissioners and operational officers will continue to work with regional colleagues around sufficiency of the external marketplace across the Southwest. Where numbers of children and young people or complexity of needs puts pressure on the budget in 22-23 financial year, it will be possible to evidence a drawdown from the latent demand reserve.
37. Fostering Excellence recruitment activity for foster carers continued throughout the pandemic and during recovery with over 60 new carers being approved but when balanced against carers retiring there was a smaller than planned growth in year two. The cost avoidance schedule in the medium-term financial strategy (MTFS) will need to be updated to reflect the impact of the pandemic and other factors.
38. A number of savings to fund schemes were delayed due to the response to COVID-19 taking priority so mitigations were put in place in an attempt to reduce costs elsewhere such as the avoidance of agency social worker costs. During the last quarter of the year, the market for agency social workers became increasingly pressured and the rates rising ahead of inflation. In the event, low numbers of cases meant it was possible to hold vacant posts until they could be offered to graduates who joined join the Council last year as part of our grow your own recruitment strategy. Should case numbers rise in the future and agency workers be required, there could be negative cost implications.
39. Other reduced spend took place where vulnerable families were supported through COVID-19 grants made available for this purpose and so support budgets were not required at the same level. In the children in care service area, ongoing negotiations with strategic partners around contributions to care placements costs were successful and £0.858m more income than forecast was received. Grant income levels in respect of unaccompanied asylum-seeking children was increased for 2021-22 financial year and this provided a benefit of £0.718m to the Council.
40. As a result, it is requested that Cabinet approve the following transfers to specific reserves.

- a. The Care Leavers grant was awarded late in the year and therefore set up and activity limited in year, it is requested that the balance of £0.016m is transferred to enable on going access to this funding in 2022-23.
- b. The nature of the Supporting Families grant is that the largest element is “payment by results” Wiltshire’s progress against targets has enabled maximum drawdown of this grant however monthly claims mean this is unknown until late in the year. A transfer to the specific reserve will mean this funding can be invested in the planned 2022-23 activity.

CORPORATE DIRECTOR – RESOURCES

Table 4

	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Year End Actual position</i>	<i>Budget Equalisation Reserve</i>	<i>Requested EMR Movements</i>	<i>Outturn Variance</i>
	<i>A</i>	<i>B</i>		<i>E</i>	<i>F</i>	<i>G</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Corporate Director Resources						
Finance	5.000	3.815	2.844	0.286	0.234	0.451
Assets & Commercial Development	15.498	13.543	12.886	0.205	0.096	0.356
ICT	11.406	11.896	11.462	0.274	-	0.160
Procurement & Commissioning	26.198	8.294	7.618	0.883	-	(0.207)
TOTAL RESOURCES	58.102	37.548	34.810	1.648	0.330	0.760

Finance: Budget £3.815m – £0.971m underspend

41. As previously reported, there is an underspend in 2021/22 on salaries across the service due to holding vacancies and one-off income in relation to VAT recovery from the Meridian Audit on duplicate payments which completed this financial year. In addition, there is an underspend against Revenues & Benefits for additional court fees recovered for £0.102m.
42. Payment of Housing Benefit for rent relief and rent allowances was £0.198m lower than budget in 2021/22; Since lockdown has ended, levels of unemployment have reduced, and people have been moved across to universal credit which has meant the number of people in receipt of Housing Benefit has steadily gone down. Furthermore, the service has recovered overpayments of Housing Benefits during the year including amounts relating to years prior to 2021/22.
43. It is recommended that £0.094m which is the administration element of Household Support grant is transferred to the Local Welfare Provision EMR to provide future support and that £0.140m refund for overpaid court fees is transferred to the Council Tax Hardship Relief EMR to be used in future for Council tax discretionary hardship relief.
44. As planned and reported in budget monitoring forecast this year £0.427m has been drawn down from the Insurance reserve to cover in year costs in excess of budget.

Assets & Commercial Budget £13.543m – £0.657m underspend

45. Significant savings and efficiencies of circa £0.9m have been achieved in 2021/22 on utility costs as a result of buildings being closed or restricted at the beginning of the year and from reduced energy consumption as a result of capital improvement works through the carbon reduction programme.
46. The service has received £1.3m one off income, in relation to mineral extraction, operating COVID-19 vaccination and testing centres on Council sites, and for backdated rents. Vacancies have been held throughout the year to deliver a saving of £0.430m on staffing and transport.
47. These combined savings have contributed to the net underspend position of £0.469m and have also been used to fund in year pressures principally, additional required property maintenance works of £0.730m, the 2021/22 Monkton Park PFI pressure of £0.520m and to create a £0.500m EMR for the phase two depot strategy feasibility which will take place in 2022/23. In addition, £0.158m salary costs for planned maintenance were not capitalised this year and instead have been funded through revenue to create future capacity in capital budgets for 2022/23.
48. Included within the savings is £0.096m as result of concluding negotiating with the MOD over loss of Leisure centre income in 2018/19 where the site was closed for an extended period due to works. It is recommended that Cabinet approve this is transferred to the Transformation earmarked reserve.
49. As planned and reported in budget monitoring forecast this year £0.109m has been drawn down from the Housing PFI EMR and £0.221m has been transferred to the Schools PFI earmarked reserve.

ICT: Budget £11.896m – £0.434m underspend

50. Overall IT services is reporting a £0.434m underspend for this financial year. There has been a significant underspend on staffing budgets of £0.559m this is from holding vacancies at the beginning of the year while the service and senior management restructure took place. Some vacancies have been removed permanently as part of the 2022/23 budget setting process and the service has struggled to recruit in the last half of the year which has increased the underspend. In light of this, a decision was taken to not capitalise staff working on the Evolve programme of £0.419m and instead to fund from revenue to create more capacity in the capital budget for 2022/23.
51. In addition the service has seen further underspends totalling £0.623m across Telephony, Networks and Microsoft Support. As a result of ICT exiting joint arrangements with Wiltshire Police, circuits have been rationalised and decommissioned. BT invoices for Wiltshire Council have also been challenged and refunds were agreed in March 2022, a large proportion of this is one off as relates to previous financial years. The service has also seen a fluctuation in call volumes where calls peaked in the pandemic but have now come down. A thorough review

of licences was undertaken which has resulted in a reduction in 2021/22 and a saving on Microsoft Enterprise and Select agreement. Costs in relation to Business Intelligence totalling £0.329m have been funded from revenue instead of using the flexible capital receipts funding mechanism.

Procurement & Commissioning: Budget £8.294m – £0.676m underspend

52. The Strategic Procurement Service is £0.353m underspent from staffing savings as a result of vacancies and from income in relation to Meridian Audit on duplicate payments which has now completed.

53. Children’s Commissioning put mitigation plans in place to delay expenditure and hold vacant posts where it was safe and practical to do throughout the year which has resulted in an underspend of £0.136m.

54. The Adults Commissioning team is £0.187m underspend from increased income of £0.670m which has been offset against Adult community grant overspend of £0.483m, this covers contracts for day care centres, housing related support.

CORPORATE DIRECTOR – PLACE

Table 5

	<i>Original Budget</i> A £m	<i>Revised Budget</i> B £m	<i>Year End Actual position</i> £m	<i>Budget Equalisation Reserve</i> E £m	<i>Requested EMR Movements</i> F £m	<i>Outturn Variance</i> G £m
Corporate Director Place						
Highways & Transport	37.734	37.065	36.653	(0.110)	0.854	(0.332)
Economy & Regeneration	2.121	2.783	2.410	0.197	-	0.176
Planning	2.493	2.632	2.263	-	-	0.369
Environment	44.340	43.696	39.500	2.193	0.020	1.983
Leisure Culture & Communities	9.726	9.363	6.481	1.597	0.017	1.268
TOTAL PLACE	96.414	95.539	87.307	3.877	0.891	3.464

Highways & Transport: Budget £37.065m – £0.412m underspend

55. The final year end variance on Highways and Transport is £0.412m underspend.

56. Car Parking has an overspend of £0.558m largely from the underachievement of Income, at the end of the financial year Income achieved 84% of Pre-Covid Budgets. Income was extremely low at the beginning of the financial year, due to lockdown & WFH guidance. Overall income was underachieved by 0.495m, this was an improvement from the Q3 forecast position of 0.239m and is largely due to an increased uptake of Season Ticket Purchases in the last quarter, as a result of more companies & staff returning to the workplace.

57. It is recommended £0.035m is transferred to a new earmarked reserve. Car parking TRO for 2022/23 as increased costs will be incurred to deliver the 2022/23 saving proposals relating to fee increases and new charges.
58. The underachievement of income on car parking is being partly offset by an overachievement on other income streams across Highways Operations, principally Developer Income for Development Control. A Grant was also received at the end of the financial year for Local Transport Authority Capacity of £0.179m this is primarily for the preparation of the new Local Transport Plan, it is recommended that cabinet approve this to be transferred to a new reserve and drawn down in 2022/23 when the costs will be incurred
59. As approved as part of the quarter two Revenue Budget monitoring report £0.709m net overachievement of Street Works income has been transferred to a new reserve for Ash Die Back to enable a full works programme to be developed and started in 2022/23.
60. A number of savings and efficiencies have been achieved across Highways and Rights of Way. A significant saving of £0.586m has been achieved on the amenity street cleansing contract with IDVERDE, as previously reported £0.190m is a recurring saving in relation to contract savings on overheads and depreciation as secured as part of the contract extension. The remainder is one off and as a result of service reductions due to labour shortages of drivers and operatives and as a result of COVID service suspensions. There is now considerable outstanding work, which will need to be reviewed in 2022/23.
61. Services for Road Safety and Safety Camera partnership has been delivered differently to generate net savings totalling £0.194m by maximising grant income and reducing staffing costs.
62. There is an underspend on the A303 Amesbury to Berwick Down project of £0.175m. The Development Consent Order for the A303 scheme promoted by National Highways is currently the subject of further consultations and has not progressed as fast as originally envisaged. The involvement of council officers consequently was less than expected.
63. In reviewing the outturn position £0.985m of salary costs were not capitalised in 2021/22 and instead have been funded by the savings and efficiencies in revenue. This will create capacity in the Capital budgets which can be used in 2022/23 to manage the increasing inflation and demand pressures.
64. Passenger Transport has an underspend of £0.640m, £0.400m of which is a forecast saving on mainstream Education transport and a small amount from holding vacant posts. The service responds each year to September intake and demand and services are set accordingly, this changes the number of buses and routes that are required. A further underspend of £0.240m was achieved on Concessionary Fares as payments were reduced due to the reduction in service levels & patronage.

65. As planned and reported in budget monitoring forecast this year £0.053m DfT Supported Bus Services grant has been drawn down to cover relevant costs.
66. It is recommended Cabinet approve the creation of a new reserve for Passenger Transport from the 2021/22 underspend of £0.640m to assist with forecast increased cost pressures on the county's bus network and to work with bus operators where routes have become commercially unviable, a number of cases have already come forward.

Economy & Regeneration: Budget £2.783m – £0.373m underspend

67. The final year end position of £0.373m underspend is largely due to staff saving from holding vacancies, these vacancies have been removed permanently to deliver the 2022/23 establishment savings presented as part of budget setting.
68. There has also been less activity than planned in the final quarter of the year on Wiltshire's Economic programme as resources were diverted onto a new grant scheme to support business in response to the Omicron variant. As recommended in the Qtr 3 Revenue Budget Monitoring report £0.723m underspend against Wiltshire Towns Recovery budget has been transferred to a reserve for future initiatives. A new reserve for COVID-19 workstreams has been created for £0.266m from the New Burdens grant funding to fund additional resource in 2022/23.
69. In line with the Porton Science Business Plan approved by Cabinet £0.042m has been transferred into Porton Science Park reserve which creates a sinking fund for future capital maintenance from the surplus the site generates in year and was included as part of the original grant conditions.

Planning: Budget £2.632m – £0.369m underspend

70. Planning services finished the year with a strong final quarter for Income, overachieving income budgets in Development Management by £0.539m and Building Control by £0.071m. Local Land Charges did not meet income targets by £0.011m.
71. The unexpected increase in income in the last quarter of the year combined with other efficiency and staffing savings has offset the overspend on managing and processing the backlog and the cost of appeals and totals £0.403m. As reported previously, Development Management has seen an increased level of appeals for Wiltshire compared to last financial year.
72. As planned and reported in budget monitoring forecast this year £0.046m Neighbourhood Planning grant has been drawn down to cover relevant costs in the Neighbourhood Planning process and £0.326m underspend on the Local Plan budget has been transferred to the Local Plan reserve in line with expectations, as the costs of delivering the Local Plan are smoothed over the period of delivery. This is in line with the programme activity and base budget saving presented as part of the 2022/23 budget setting.

Environment: Budget £43.696m – £4.196m underspend

73. Waste Services has a total underspend against budget of £3.817m, largely due to the service receiving a significant increase in anticipated income throughout 2021/22. Income has increased in respect of recycling material sales, chargeable green waste collection subscriptions and bulky waste collections. As a result, overall income is £2.798m (48%) better than budget.
74. Recycling material income is notoriously volatile and has been particularly influenced through changing domestic consumer habits during the pandemic, as well as increased demand for recyclable materials from reprocessors as manufacturers and packaging producers seek cost-effective alternatives to virgin materials. Currently the increase in recyclate income is being driven by a higher price per tonne now being achieved for paper and cardboard, and plastics, coinciding with some increase in material being collected. There is an ongoing risk that recycling income could decline from current levels as experienced in previous financial years. However, industry intelligence suggests that prices continue to be strong and that material values are not expected to fall to the levels below those achieved in 2021/22. New fiscal measures such as the Plastic Packaging Tax stimulate demand, alongside the response of material markets to shortages arising from the conflict in Ukraine and increasing global oil and energy prices, hence £1.22m of these increases were factored into 2022/23 Budget setting.
75. The Mechanical Biological Treatment contract has an underspend against budget of £0.983m reflecting the impact of reduced input tonnage (55kt vs 60kt target to Nov 2021) due to unplanned closures and enforcement action continuing into January 2022. The impact of this is that more waste has had to be sent to Landfill, the overspend on Landfill is £0.212m. There has been an overspend on the Lakeside Energy from Waste landfill diversion contract of £0.098m, as we input 880 tonnes more than budgeted for.
76. The two landfill diversion contracts referred to above, combined with continuing recycling efforts, allowed 82.1% of all the waste that Wiltshire managed in 2021/22 to be diverted from landfill. Collectively these arrangements help reduce environmental pollution, and particularly avoids the generation of methane, a known “greenhouse gas”. Treating residual waste through the MBT contract costs more per tonne than current arrangements for landfilling residual waste.
77. There has been a saving of £0.147m on the treatment and disposal of residual waste contract as less tonnes were processed, this was largely due to reductions in street sweepings.
78. The table below shows the final tonnages and rates for the significant Waste contracts against the budget position.

Table 6 – Waste Contract Budget vs Actual

Service:	2021-22 BUDGET								Year End Variance
	Tonnes				£/Tonne				
	Budget setting F'cast (T)	Actual (T)	Var (T)	Var (%)	£/Tonne (Budget Setting)	£/Tonne (Actual)	Var (£)	Var (%)	
Provision and operation of Waste Transfer Stations (WTS), a Materials Recovery Facility (MRF) and two Household Recycling Centres (HRCs)	81,257	79,889	-1,368	-2%	£ 67.97	£ 66.96	-£1.01	-1%	(0.061)
Composting services	38,357	39,596	1,238	3%	£ 32.23	£ 32.39	£0.16	0%	0.058
Treatment & disposal of residual waste (inc street sweepings)	22,834	21,820	-1,014	-4%	£ 38.56	£ 35.53	-£3.03	-8%	(0.147)
Tax payable on all waste sent to landfill	34,356	35,081	725	2%	£ 96.70	£ 96.70	£0.00	0%	0.212
Energy from waste landfill diversion contract.	50,000	50,880	880	2%	£ 121.48	£ 121.33	-£0.15	0%	0.098
Mechanical biological treatment (MBT) Landfill diversion contract.	60,000	50,839	-9,161	-15%	£ 145.91	£ 152.51	£6.60	5%	(0.983)

79. Long standing negotiations involving the Lot 2 HRC contract have been finalised since Q3. Contract changes have been agreed with FCC in relation to fuel/haulage payments since the commencement of the contract, together with the finalisation of outstanding Indexation claims which have delivered a net contract saving of (£0.145m).

80. As planned and reported in budget monitoring forecast this year, £0.521m has been drawn down from the Highways & Environment reserve in the last quarter to cover relevant expenditure in the year.

81. £0.168m has been transferred into Lot1 Contract Sinking Fund earmarked reserve, which is required as part of the deed of variation to the contract to ensure funds are available at the end of the contract term for the final payment for the MRF equipment. This amount is budgeted for and will be transferred each year for the life of the contract.

82. Public Protection, Natural & Historic Environment and Carbon reduction are forecasting a combined underspend of £0.379m from a combination of savings and efficiencies, including staff savings from holding vacancies.

83. The Council received a grant at the end of the financial year for Biodiversity Net Gain (BNG) and it is requested to deposit £0.020m in a reserve. BNG is an approach to development that leaves biodiversity in a measurably better state than before, which results in protecting existing habitats and ensuring that lost or degraded habitats are compensated for by enhancing or creating habitats that are of greater value to wildlife and people.

Leisure Culture & Communities: Budget £9.363m – £2.882m underspend

84. The final year end position of £2.882m underspend reflects the Directorate's work to minimise spend and maximise income in what has been another challenging year, while also successfully insourcing ten Leisure centres that were operated by Places Leisure part way through the year and transforming the service.

85. Overall, Leisure Operations delivered £2.578m underspend after covering Leisure Insourcing transition costs of £0.717m.

86. Management action to manage the impact of COVID-19 on demand and activity and incentives to promote the centres to attract and retain members has proven

successful. Overall Leisure Centres net underspend was £2.2m, with income budgets overachieving by £0.405m. The service also received furlough grant of £0.062m. Overall Leisure Centre income was £7.910m, with Wiltshire Council operated sites achieving 73% of pre COVID-19 levels and the service finished the last quarter in a strong position.

87. Savings on Leisure Centre supplies and staffing budgets of £1.734m have been achieved, and has been through a combination of holding vacancies initially due to reduced demand from changes to operating hours and reviewing service need in line with insourcing and new operations. The service has struggled to recruit staff in the last six months, hence the increasing underspend on salaries compared to the Q3 forecast, this is being seen nationally particularly with entry level staff for example lifeguards.
88. The National Leisure Recovery Fund grant and the open book accounting arrangement with Places Leisure, which came in better than forecast has meant that the Transition costs of £0.717m can be covered by Revenue underspend instead of being funded through flexible capital receipts.
89. A further underspend of £0.280m was delivered in Sports and Physical Activity due to activities and classes like GP referrals not being back to pre-covid level and staff savings from holding vacancies in line with demand.
90. Libraries, Heritage and Arts are reporting a combined underspend of £0.303m largely in staffing budgets from holding posts vacant and not using casual staff.
91. As planned and reported in budget monitoring forecast this year, £0.014m has been drawn from the World Heritage Site Trust Transition reserve, £0.009m from the Public Art reserve and £0.005m from the Leisure reserve to cover relevant expenditure in the year.
92. It is recommended Cabinet approve a transfer to reserves of £0.017m to the existing Museum Development reserve for the net balance of partnership funding for the TNA Moulton Archive project in partnership with the Moulton Trustees.

CHIEF EXECUTIVE DIRECTORATES

Table 7

	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Year End Actual position</i>	<i>Budget Equalisation Reserve</i>	<i>Requested EMR Movements</i>	<i>Outturn Variance</i>
	<i>A</i>	<i>B</i>		<i>E</i>	<i>F</i>	<i>G</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Chief Executive Directorates						
Public Health	1.541	1.522	1.522	-	-	-
Legal & Governance	10.895	8.796	8.278	0.487	-	0.031
HR&OD and Transformation	4.385	6.932	5.337	0.952	0.025	0.618
Corporate Directors & Members	3.284	3.239	3.146	0.123	-	(0.030)
Commercial Savings	0.102	0.102	-	0.102	-	-
TOTAL CEX DIRECTORATES	20.207	20.591	18.283	1.664	0.025	0.619

Legal, & Governance: Budget £8.796 – £0.518m underspend

93. The final year end variance on Legal and Governance is £0.518m underspend. As previously reported the Registration Service had a significant increase in demand as COVID-19 restrictions lifted which continued throughout the year. The net position of overachievement of income after additional staff costs is £0.441m. Further underspend has been achieved by way of service efficiencies and staff savings across Democracy, Community Governance, Customer Services and Coroner which is also offsetting an underachievement of income budgets in Legal Services as income was impacted by COVID-19 restrictions and councils response.
94. As planned and reported in budget monitoring forecast this year, £0.200m has been transferred into the Elections earmarked reserve to fund future Elections costs.

Human Resources & Organisational Development Services: Budget £6.932m – £1.595m underspend

95. The underspend has been delivered as a result some revenue costs being charged to the capital budget for Organisational Development (OD) & People Change and the Evolve programme (to procure a new Enterprise Resource Planning business applications system) for those HR & OD staff involved in supporting these programmes of work. In addition, where it was operationally possible to hold vacancies or not backfill posts seconded to the above programmes this has taken place leading to a underspend on salaries of £0.914m. Demand for learning and development has slowed as a result of the additional workload of the pandemic across the Council.
96. Actual levels of traded and programme income exceeded budgeted estimates across payroll and HR support by £0.580m. Other variances across all service areas contribute the remaining variance of £0.101m.
97. As a result, it is requested that Cabinet approve the following transfers to specific reserves.
98. The fundraising income of £0.025m generated from the Business and Sports Gala Dinner held in March 2022 to be ringfenced in a specific reserve to be used to allocate as sport grants in 2022-23 financial year.

Directors and Members: Budget £3.226m – £0.093m underspend

99. A (£0.093m) saving was achieved on staffing budgets delivered through the senior management structure implemented during the year.

Commercial Savings: Budget (£0.102m) – £0.102m underspend

100. £0.302m commercial activity savings were achieved in 2021/22, £0.102m more than budget. The commercial savings are detailed in the table below

Table 8 – Commercial Savings

Service	Saving	Saving 2021-22 £'m	Saving 2022-23 £'m
Communities & Neighbourhood	Re-Procurement of Home to School, SEN and specialist transport contracts from April 2021 to April 2026	0.083	0.083
Education & Skills		0.209	0.209
Digital & Information	Civica Abrisas IT Software contract extension for 4 years to July 2025. 4 year saving £0.072m. 21/22 savings £0.010m	0.010	0.020
TOTAL		0.302	0.312

CORPORATE EXPENDITURE

Table 9

	Original Budget A £m	Revised Budget B £m	Year End Actual position £m	Budget Equalisation Reserve E £m	Requested EMR Movements F £m	Outturn Variance G £m
Corporate						
Movement on Reserves	(8.444)	(17.197)	(15.386)	(1.811)	-	-
Capital Financing	25.320	27.167	25.394	1.927	-	(0.154)
Corporate Costs	1.085	3.296	1.008	0.203	-	2.085
Corporate Levies	6.625	5.875	5.353	-	-	0.522
TOTAL CORPORATE	24.586	19.141	16.369	0.319	-	2.453

Movement on Reserves: Budget (£17.197m) – £1.811m overspend

101. In the previous financial year (2020/21) where specific COVID-19 grants were not fully spent they were set aside in earmarked reserves to allow activity to be funded in the new year. Following the completion of returns to government for specific COVID-19 grants it has been identified that £0.189m of spend was incurred in 2020/21 associated with the Compliance and Enforcement grant activity although the grant was shown as unspent and set aside. The earmarked reserve therefore should not continue to be set aside and was drawn down in full with no corresponding pressure of costs to fund in the year.

102. As approved by Cabinet in the quarter 3 budget monitoring report £2m of service underspend was transferred into the Pay Award reserve. The pay award increase of 1.75% (£2.144m) was subsequently drawn down to the services in March 2022 upon agreement which leaves £1.856m in the reserve to support additional pay pressure that is expected in the 2022/23 financial year.

Financing & Investment Income & Expenditure: Budget £27.167m – £1.773m underspend

103. As previously reported the final borrowing figure for 2020/21 sets the minimum revenue provision charge for year 2021/22, due to the 2020/21 year end underspend position there was a £1.926m saving in 2021/22.

104. The Council took a treasury management decision to borrow £80m in March 2022 for the capital programme to cover the planned activity with Stone Circle Housing and Development companies over the next 8 years. Overall interest payable was £0.145m lower than budget and interest receivable was £0.577m more than budget due to interest from traded companies, Wiltshire College loans and that interest rates have been increasing since Jan 2022. This underspend has been offset by the sunk costs for Boscombe £0.807m, this is a capital project that is no longer proceeding so the historical costs need to be transferred back to revenue.

Corporate Costs: Budget £3.297m – £2.289m underspend

105. The Council prudently set aside a budget of £0.5m for Salisbury Inquest costs for 2021/22 as the Government had not confirmed it would reimburse the Council. In March 2022 the Council received confirmation that Government, on an exceptional basis, would cover these costs and hence a claim was submitted resulting in a £0.600m underspend as we were also able to claim for costs incurred in 2020/21.

106. Included under Corporate is a budget for Redundancy, this is showing a £1.496m underspend for 2021/22.

107. As previously reported as part of COVID-19 response temporary morgues were set up across the county, these have now been decommissioned, the costs have been shared on a proportional split between Wiltshire and Swindon. The final costs have been incurred and are shown here at £0.144m.

108. The Council was awarded £0.353m New Burdens Grant to go towards the additional costs of delivering the Business Grants for the period August 2020 to March 2021, the costs for delivering this were included in 2020/21 this grant is therefore shown as an underspend.

109. As planned and reported in budget monitoring forecast this year, £0.045m has been drawn down from Salisbury Recovery reserve to cover costs incurred in this financial year.

Corporate Levies: Budget £5.875m – £0.522m underspend

110. The underspend is mainly due to more income being received than budget for Renewable Energy Business Rates of £0.492m. The Council is able to keep 100% of the Business Rates for renewable energy but there were revaluations in year that made it difficult to forecast what the final position would be until the revaluation was completed. In addition, there has been a £0.195m underspend on Early

Retirement Augmentation Grants, these are offsetting smaller overspends on other areas.

General Government Grants: Budget (£57.045m) – £0.568m overspend

111. There is an overspend on General Government grants of £0.568m as less grant was received than budget. The Council received £1.031m of grant for the Income Loss Scheme for Q1, which was in line with expectations.

COVID-19 Grants

112. The full balance of £9.212m has been drawn down from the COVID-19 Business Grants earmarked reserve, to fund the grants awarded in 2021/22. The Business Grants schemes closed on 31 March 2022 and the schemes have provided £184m support to business across Wiltshire over the last 2 years. £16.359m of funding received from the government is held on the council’s balance sheet as not paid out to businesses and due to be paid back to government.

113. Unspent balances on COVID-19 grants received have been transferred to specific reserves in line with the approach taken at the end of the last financial year and include £0.801m for Clinically Extremely Vulnerable support funding, £0.266m for the New Burdens Grant to fund Grant Workstreams and £0.145m for Test and Trace.

114. The balance remaining on the Contain Outbreak Management Fund reserve is £4.775m and is expected to fully spent in 2022/23.

Dedicated Schools Grant – Total Grant £407.289m - £7.066m net overspend

115. The variance for dedicated schools grant (DSG) is an overall £7.066m overspend, analysed as below.

	Final Variance £M	Note
Schools Block (all schools)	(0.945)	Planned underspend to offset some HNB pressure
High Needs Block (all schools)	9.723	Demand for pupils with additional learning needs
Central Schools Services Block	0.170	Small variance on central statutory functions

Early Years Block	(1.881)	Take up of 3&4 year old entitlement lower than funded, there are DfE clawback arrangements in 22-23 where numbers significantly differ.
TOTAL	7.906	

116. The overspend on high needs block (HNB) is driven by demand from parents and schools for support for vulnerable children with SEN & disability, reflected in increased numbers of education health and care plans (EHCP) which, have risen by 6.41% in the last financial year. The rate of growth slowed during the pandemic however, numbers of requests for assessment increased dramatically in March 2021 which could be due to the pause during lockdown or an indication that learners are struggling with their return to education post pandemic.

	1st April 2021	31st March 2022	Increase in EHCPs	% Increase in growth
Children & Young People with an EHCP	4,105	4,368	263	6.41%

117. The overspend is aligned with the national picture for many other local authorities and the Government's acknowledgement of this is evident at the national level with additional funding for the 2021/22 high needs block of £843m (12%). Wiltshire's increase was £5.811m (11%).

118. The 2022-23 allocations have been published during the summer which includes a further £4.898m (8%) increase for Wiltshire plus a new supplementary grant of £2.414m. This will come somewhat to alleviating the pressure for future years it will not however, assist with current or previous years' overspends. Lobbying continues to request support and additional funding at national level.

119. The DSG is ringfenced and is separate to local authority budget. Any underspend or overspend is also ringfenced. At the end of the financial year, the DSG reserve balance has a deficit of £25.973m following a prior year early years adjustment. The local authority has a recovery plan centred around provision and inclusion which is being implemented in partnership with education leaders, however the deficit lies with Wiltshire Council whilst the recovery plan is delivered. Additional funding is key to meeting the needs of Wiltshire pupils.

DSG Reserve (held in the council's balance sheet) and actions

	Early Years Ringfence £m	Schools Block, HNB & Central £m	Total 21-22 financial year £m

Balance brought forward from 2020-21		18.717	18.717
Early Years previous year adjustment	0.189		0.189
Variance (all blocks) for 2021-22	(1.881)	8.948	7.066
DSG Deficit carried forward 2021-22	1.692	27.665	25.973

There is much activity in this area nationally and locally.

120. The DfE SEN green paper was published in March 2022. The local authority will be responding to the 22 consultation questions following a series of consultative meetings with school leaders. A key piece of feedback will be from the Section 151 Officer around the financial exposure and risk to the local authority. There seem to be no solutions proposed to the financial pressures however, the department is offering a series of support levels to local authorities depending on their financial risk. Wiltshire has been invited to share our recovery plan with the DfE and join the Developing Better Value (DVP) Programme with advice from SEN and finance consultants and access to financial support to enable transformation.
121. School Leaders continue to raise the profile of the funding challenges with Wiltshire's MPs who have been supportive and raised with central government.
122. Officers continue to take part in both national and southwest comparator research which when available, will show the extent of the national issue. Best practice and savings approaches are being shared with peers.
123. The f40 group who represent the 42 lowest funded authorities in the country, most of whom are shire counties like Wiltshire, continue to lobby central government and meet regularly with MPS.
124. The Society of County Treasurers published data collected from local authorities including Wiltshire and have used this as a basis to lobby central government.
125. Wiltshire is taking steps to address the demand for specialist placements; significant Council investment in the System of Excellence and new Silverwood 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 next 10-years to do this we must have investment from central government. Savings are limited by many external factors and include a parent's legal right to state parental preference and recourse to a tribunal. Our local authority position is that we cannot sustain the DSG deficit.
126. The local authority has an ever-evolving DSG Management Plan which will be shared with the DfE as part of the DBV programme. As the situation stands both locally and for most other local authorities, the pupil driven needs cannot be met without an appropriate level of funding. In addition, over a third of the high needs block funding formula is largely based on historical data from 2014 and in Wiltshire, the significant rise in the numbers of children with EHCPs since this date is driving much of this overspend.

Housing Revenue Account (HRA) – Total income £25.566m - £3.130m provisional net transfer to reserve

127. Wiltshire Council has 5,300 properties in its HRA providing Social, Affordable and Shared Ownership rental properties. For 2021/22 this generated £25.566m of rental income. This Income is ringfenced to the HRA and is used to cover the operating and full life costs of the properties including operational staff costs, financing costs, routine revenue property maintenance which includes all the health and safety measures and longer term planned capital property maintenance which includes new bathrooms, kitchens and boilers etc.

128. The HRA operates an in house Direct Labour Organisation to maintain the stock and also uses contractors for specialised works.

129. Due to the ring-fenced nature of the HRA, at the end of any financial year the balance outstanding is offset by a transfer to or from the ring-fenced HRA reserve. For 2021/22 an amount of £2.2m was budgeted to be transferred to reserves. The outturn position reported is provisional as estimated figures for depreciation and bad debt provision have been included as these figures are still being calculated, however they are not expected to change materially. The provisional outturn is a transfer of £3.130m to reserves. This improvement is mainly due to interest expense being £0.463m less than budgeted for due to changes in interest rates and an underspend on the contingency budget £0.292m.

Table 10 – HRA

	2021-22 Revised Budget £m	2021-22 Outturn £m	2021-22 Variance £m
HRA Expenditure			
Provision for Bad Debt	0.370	0.370	-
Interest	3.799	3.335	(0.464)
Depreciation	10.162	10.162	-
Repairs and Maintenance	5.562	5.617	0.055
Supervision & Management Special	0.129	0.085	(0.044)
Supervision & Management General	3.554	2.943	(0.611)
Contribution to Reserves	2.200	3.130	0.930
Total Expenditure	25.776	25.642	(0.134)
HRA Income			
Interest	(0.140)	(0.076)	0.064
Rents	(25.636)	(25.566)	0.070
Total Income	(25.776)	(25.642)	0.134
Net	-	-	-

130. The Capital expenditure for the HRA is detailed in the Year End Capital Financial Outturn Position 201-22 report. The HRA has a Council House Build capital programme and is planned to deliver 1000 homes over the next ten years.
131. A final outturn position and update on the reserves balance will be presented to Cabinet when Depreciation and Bad Debt position has been finalised, which is dependent on the outstanding draft 2020/21 Statement of Accounts, which is expected to be alongside the Q1 budget monitoring report.

SAVINGS DELIVERY 2021/22

132. The Council had a savings requirement of £4.368m within its 2021/22 budget which was approved by Council in February 2021 consisting of £1.767m of prior year savings and £2.601m of new savings proposals. The deliverability of these proposals has been monitored during the year and has been reported direct to the Corporate Leadership Team (CLT) as part of financial performance management.
133. At this stage of the year the deliverability of the savings is either delivered (blue) or undelivered (red) and can be seen in Appendix C. This position is included in the General Fund figures set out in this report.
134. Of the £4.368m savings proposals £2.702m (61.9%) are assessed as being delivered (blue) and £1.166m (38.14%) of savings targets have been delivered through alternative savings. This is a positive position with all savings delivery met, although some through alternative activity than originally expected and provides a strong position going into the 2023/23 financial year.
135. The delivery of savings is a key risk in 2022/23 and remains an important element of financial performance management and a focus for the Council and the status of savings will be monitored robustly during the year to ensure future year financial planning processes and the budget remains robust and deliverable.

CAPITAL RECEIPTS FLEXIBILITIES 2021/22

136. 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.
137. The outturn position for the financial year 2021/22 is shown in the table below. Due to the overall financial position for the year and to help preserve the one-off funding of Capital Receipts a reduction in the use of this funding for transformation can be seen. This position preserves the value of capital receipts which can be used to support the capital programme and investment within Wiltshire.

Table 11 – Capital Receipts Flexibilities

Directorate	Description	Approved Budget 2021-22	Outturn 2021/22	Variance	Benefits
		£m	£m	£m	
HR/OD	Organisational Development Transformation	1.703	0.537	- 1.166	The 10% saving was in part attributed to the change efforts supporting service redesign, changes to ways of working and the effective adoption of new technologies Skills, knowledge and capability to work effectively as the organisation changes and transforms.
Other	Business Intelligence	1.000	-	- 1.000	The benefits were improved system around data collection and reporting to enable information to be compared and analysed, thus adding value to services. This area of work was paused due to COVID response and then, recovery requiring prioritisation.
Children's & Families	Fostering Excellence Scheme	0.594	0.279	- 0.315	The savings are shown in the current and future years MTF5 - expansion of the in house carer scheme leading to lower overall unit costs as well as children in care living in a family in Wiltshire
Children's & Families	FACT Transformation	0.639	0.176	- 0.463	This is a wide-ranging programme to streamline and improve the way we work by taking a whole-system, holistic approach with corporate partners, staff, children, young people and their families. We have been promoting multi-agency integration which will make us more efficient in providing our services and more effective at helping families and children achieve positive outcomes. As part of our shared vision and shared Practice Framework, professionals will be able to maximise the time spent with families, providing early support to prevent escalation and ensuring that our children thrive in their own communities.
Children's & Families	Early Help Support Hub	0.200	-	- 0.200	
Children's & Families	Contextual Safeguarding	0.170	-	- 0.170	
Children's & Families	Transport Co-Ordinator	0.070	0.034	- 0.036	
Children's & Families	Supporting the Parents of under 1s / Dads Matter Too	0.250	-	- 0.250	
Education & Skills	SEN & Inclusion Transformation	1.045	0.533	- 0.512	Taking forward an agenda of strengthening inclusion and support for young people with SEND and high needs will require a genuine partnership approach. Strong systematic partnership working within Wiltshire, strategic engagements with parents, schools and settings, and partner agencies are required to build shared ownership of the issues the system is facing, and develop a shared vision and strategy for how the local system will support young people with SEND and high needs
Housing & Commercial Development	Service Devolution & Asset Transfer	-	-	-	To support the transfer of assets successfully to other bodies to realise opportunities for more efficient delivery of public services to residents and reduce cost of deliver of those services
Community & Neighbourhood	Leisure Insourcing Transformation	0.793	-	- 0.793	The decision by Cabinet to insource the current leisure sites that are operated by an external provider will involve a complex and time bound insource and transformation. The project will fund the resources required to manage the insource successfully and ensure the leisure sites are open for users from the date of transfer. Moving forward it is anticipated that during the transition the transformation will identify opportunities and efficiencies in running the whole Leisure Service and begin to reduce the annual operating cost following the investment that has been in 2021/22.
Other	Organisational Recovery	1.200	0.312	- 0.888	The programme will deliver confident and skilled people working flexibly and utilising the tools available so that we are a resilient, efficient and inclusive organisation.
Other	Other Transformational Schemes to be considered	-	0.036	0.036	Benefits to be assessed as additional schemes come forward
TOTAL		7.664	1.907	- 5.757	

RESERVES POSITION AND FORECAST

138. 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.

139. The level of both general fund reserves and earmarked reserves currently held by the Council remain low in comparison to other local authorities and this exposes the Council to a reduced ability to manage financial shocks. The balance and forecast balance of reserves has been reported on a quarterly basis during the year and will continue to feature in future budget monitoring reports, to continue the visibility of reserve balances, as important funding elements for the council.

140. As part of the outturn reporting for 2020/21 reserves balances were reported and the balances for General Fund Reserve stood at £16.856m and the balance for Earmarked Reserves excluding Dedicated Schools Grant Reserves was £107.056m. Including the DSG reserves and Schools Balances the Earmarked Reserves balance was £100.880m.

141. At the beginning of the year there was a planned contribution to the General Fund Reserve of £1.4m to continue the overall increase to support financial risks the council faces. The outturn position allows for an additional contribution to the General Fund Reserve of £2.8m which will increase the balance to £21.056m. This brings the level of the reserve alongside the Latent Demand and Collection Fund Volatility reserve up to the value that was set out in risk assessed level of reserves required to support the council's budget that was set out in the 2022/23 budget report. It will provide additional capacity and resilience to support the financial position in the forthcoming year, support the financial risks within the budget and allow lead in time for transformation and to reshape services to deliver on-going financial resilience and sustainability.
142. The 2021/22 budget was supported by a draw from the Budget Equalisation reserve of £4.165m as approved in the budget setting process. As set out in the Q3 Budget Monitoring report, a forecast variance of £12.824m was presented and at that stage it was set out to transfer this balance to the Budget Equalisation reserve at year end and therefore a formal recommendation is included in this report to transfer this underspend. The year end balance of this reserve will be £16.520m and will provide additional funding capacity alongside the General Fund reserve to allow lead in time for transformation and to reshape services to deliver on-going financial resilience and sustainability.
143. As included earlier in this report the Latent Demand reserve has not been required to fund demand that was expected to present during the year. This reserve balance therefore remains at £7.895m and will only be drawn down in future years when evidence is presented that shows demand exceeds the metrics on which the budget was based.
144. The Collection Fund reserve will be used over the next two years to manage the deficit from 2020/21 financial year and to cover the risks associated with this significant funding stream for the council.
145. As part of processes during the year and at year end transfers to and from existing earmarked reserves are carried out in line with previous approvals. These can be seen in detail in Appendix B with a total of net draw from earmarked reserves and decrease in value set aside of £39.005m, due mainly to the drawing from the COVID-19 specific grants from 2020/21 that were required to fund activity during 2021/22 and the section 31 grant monies set aside to support the funding of the Collection Fund deficit.
146. It is also requested to transfer £4.098m to existing and new earmarked reserves. The detail of these request can be seen in the service narrative and in Appendix B and is listed below for ease:

Table 12

Service	Name	£m
Living and Ageing Well	Transformation Reserve	0.758
Living and Ageing Well	Flexible Housing Support	0.250
Whole Life Pathway	Syrian Refugee Programme (grant funding)	0.035
Whole Life Pathway	Afghan Resettlement (grant funding)	0.112
Whole Life Pathway	Bridging Support	0.061
Whole Life Pathway	Transformation Reserve	1.200
Education & Skills	Not in Education, Employment or Training (NEET)	0.057
Education & Skills	Early Years Professional Development Programme (grant funding)	0.038
Education & Skills	Virtual Schools Head Extended Duties (grant funding)	0.105
Education & Skills	CCG Short Breaks	0.070
Families & Children	Support for Care Leavers (grant funding)	0.016
Families & Children	Supporting Families (grant funding)	0.148
Finance	Local Welfare Provision	0.094
Assets & Commercial Development	Transformation Reserve	0.096
Leisure, Culture & Communities	Museum Development	0.017
Highways & Transport	Statutory Notices	0.035
Highways & Transport	Biodiversity Net Gain (grant funding)	0.020
Highways & Transport	Local Transport Authority Capacity (grant funding)	0.179
Highways & Transport	Passenger Transport	0.640
Council Tax Hardship	Council Tax Hardship Relief	0.140
Corporate	Wiltshire Foundation Trust	0.025
	TOTAL	4.096

147. During the 2021/22 there has been a continued approach of considering opportunities when they arise to increase balances held within reserves. There has been continued transparency on reporting reserves during the year as part of the budget monitoring reporting and it is expected to continue to report on these balances moving forwards, as a critical element of the funding available to the council and overall financial health of the council. It can be seen in the below table the opening and closing balances on earmarked reserves:

Table 13 – Earmarked Reserves

Description	£m
Opening Balance Earmarked Reserves	-107.056
Opening Balance Schools	-12.542
Opening Balance DSG	18.717
Total Opening Balance - as at 01/04/2021	-100.881
In year net draw from reserves	39.005
Additional Schools Balances	-1.606
In-year DSG Deficit	7.256
Q3 Underspend	-12.824
New Reserve Requests	-4.096
Inflation Reserve	-7.000
Additional contribution to Business Plan Priorities	-1.683
Closing Balance - as at 31/03/2022	-81.829
Anticipated Use 2022/23	
- COVID-19 grants & funding	6.486
- Collection Fund (<i>estimated</i>)	15.000
- Pay Award	1.856
- Inflation (<i>estimated</i>)	7.000
- Transformation (<i>estimated</i>)	2.000
- DSG Deficit (<i>estimated</i>)	5.000
- Others (<i>estimated</i>)	3.000
Estimated Closing Balance 31/03/2023	-41.487

148. As anticipated the S31 grant set aside in 2020/21 to support the Collection Fund has been drawn down to offset the deficit this year. However, £10.933m remains in the Section 31 Collection Fund Grant and the £6.438m Collection Fund Volatility Reserve to fund a forecast deficit in 2022/23.

Overview & Scrutiny Engagement

149. This report will be considered by Financial Planning Task Group on 8 July 2022.

Safeguarding Implications

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

Public Health Implications

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

Procurement Implications

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

Equalities and diversity impact of the proposals

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

Environmental and Climate Change Considerations

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

Risks Assessment

155. 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.

156. Ongoing budget monitoring and management forms part of the control environment and is a mitigating process to ensure early identification and action is taken. This control has been effective during the year and as a result the risk managed, with the effect of significant amounts being set aside in reserves to help support financial risks in future years.

Financial implications – Section 151 Officer Commentary

157. As at the quarter 3 stage the Council was forecasting a £14.8m underspend, and prudently this was set aside to deal, one off, with balancing the Councils future budget position and the uncertainty of the level of pay award.

158. The last quarter has seen a significant improvement on the Councils financial position with promising signs, specifically in the level of income receivable from services, as well not having to utilise fully the amounts set aside for redundancy given the plans that were set in the Councils budget approved in February 2022.

159. A significant proportion of the increased underspend has either been accounted for in the setting of the 2022/23 budget e.g. a reduction in the redundancy budget, or is related to Government grant funding. Either way this cannot be factored into the Councils MTFS base budget going forward.

160. However, the £11m underspend experienced in the last quarter can be put aside to deal with significant pressure that is almost certainly going to arise as a result of the cost of living crisis. During quarter 1 of the current 2022/23 financial year we will be undertaking an assessment of the impact on the Councils finances, particularly its contracts which were budgeted at 4% and pay which was budgeted at 2%.

161. The £7m put aside will help mitigate the costs that will arise during 2022/23 as a result of the increase in CPI; currently at 9.1% and forecast to rise up to 11% by September 2022.

162. In addition, the national pay claim round has begun for the pay award from April 2022. It is likely that the outcome will strip the budgeted increase of 2% on pay. The Council has prudently put aside one off amounts so that a pay claim of up to 4% can be met in 2022/23, any claim above this amount will provide for further pressure in 2022/23.

163. The amounts set aside of course will be one off, and therefore only provide for mitigation in 2022/23 only. The ongoing impact to the base budget will be felt sharply in 2023/24. The MTFs is being reviewed during the summer to reflect the positive ongoing aspects, as seen in the reported underspend, but also the increased costs as a result of the cost of living increases.

164. Despite this the Council continues to strive towards financial sustainability and improved resilience. The recommendation to increase the General Fund reserve to over £21m will see the Council meet the level of risk assessed reserves when you take into account other balances held against risk. The general fund reserve will now be 5% of the Councils net budget and puts the Councils in a much stronger position to deal with future financial shocks and one off pressures.

Legal Implications

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

Proposals

166. Cabinet is asked to note:

- a) the revenue budget outturn position for the financial year 2021/22;
- b) the contributions to and from earmarked reserves as planned;

167. Cabinet is asked to approve:

- d) the transfer of 312.824m to the Budget Equalisation Reserve as set out in the Q3 Budget Monitoring Report;
- e) the transfer in total of £4.098m to earmarked reserves as detailed in the report and Appendix B;
- f) the transfer of the balance of the £6.661m provisional underspend as follows:
 - i. £2.8m to be transferred to the General Fund reserve;
 - ii. £7m to be set aside and transferred to a new Inflation reserve for 2022/23; and
 - iii. £1.683m to the Business Plan Priority reserve.
- g) Authorise the commitment of funds from the Business Plan Priority Reserve to fund the following over the next 3 years:
 - i. £1m on gully emptying.

- ii. £0.450m on Fly Tipping enforcement.

Reasons for Proposals

168. To inform effective decision making and ensure a sound financial control environment.

Background Papers and Consultation

Wiltshire Council's Financial Plan Update 2021/22, Medium Term Financial Strategy 2025/26 and Capital Programme and Strategy –

<https://cms.wiltshire.gov.uk/ieListDocuments.aspx?CId=130&MId=13056&Ver=4>

Financial Year 2021/22 – Quarter 3 Revenue Budget Monitoring reports –

<https://cms.wiltshire.gov.uk/ieListDocuments.aspx?CId=141&MId=13780&Ver=4>

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Appendices:

Appendix A: Service Provisional Outturn Variance – Full Year

Appendix B: Earmarked Reserves

Appendix C: Savings Delivery 2021/22

APPENDIX A – SERVICE OUTTURN VARIANCE 2021/22 – FULL YEAR POSITION

	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Year End Actual position</i>	<i>Budget Equalisation Reserve</i>	<i>Requested EMR Movements</i>	<i>Outturn Variance</i>
	A	B	C	D	E	F
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Corporate Director People						
Living and Ageing Well	52.372	70.046	68.883	(1.720)	1.008	1.875
Whole Life Pathway	78.007	80.957	74.717	3.874	1.409	0.957
Education & Skills	20.398	27.695	27.001	1.050	0.271	(0.627)
Family & Children Services	62.475	61.044	56.219	2.111	0.164	2.550
Corporate Director People	213.252	239.742	226.820	5.315	2.852	4.755
Corporate Director Resources						
Finance	5.000	3.815	2.844	0.286	0.234	0.451
Assets & Commercial Development	15.498	13.543	12.886	0.205	0.096	0.356
ICT	11.406	11.896	11.462	0.274	-	0.160
Procurement & Commissioning	26.198	8.294	7.618	0.883	-	(0.207)
Corporate Director Resources	58.102	37.548	34.810	1.648	0.330	0.760
Corporate Director Place						
Highways & Transport	37.734	37.065	36.653	(0.110)	0.854	(0.332)
Economy & Regeneration	2.121	2.783	2.410	0.197	-	0.176
Planning	2.493	2.632	2.263	-	-	0.369
Environment	44.340	43.696	39.500	2.193	0.020	1.983
Leisure Culture & Communities	9.726	9.363	6.481	1.597	0.017	1.268
Corporate Director Place	96.414	95.539	87.307	3.877	0.891	3.464
Chief Executive Directorates						
Public Health	1.541	1.522	1.522	-	-	-
Legal & Governance	10.895	8.796	8.278	0.487	-	0.031
HR&OD and Transformation	4.385	6.932	5.337	0.952	0.025	0.618
Corporate Directors & Members	3.284	3.239	3.146	0.123	-	(0.030)
Commercial Savings	0.102	0.102	-	0.102	-	-
Chief Executive Directorates	20.207	20.591	18.283	1.664	0.025	0.619
Corporate						
Movement on Reserves	(8.444)	(17.197)	(15.386)	(1.811)	-	-
Capital Financing	25.320	27.167	25.394	1.927	-	(0.154)
Corporate Costs	1.085	3.296	1.008	0.203	-	2.085
Corporate Levies	6.625	5.875	5.353	-	-	0.522
Corporate	24.586	19.141	16.369	0.319	-	2.453
TOTAL COUNCIL GENERAL FUND	412.561	412.561	383.589	12.823	4.098	12.051
WC Funding						
General Government Grants	(57.045)	(57.045)	(56.477)	-	-	(0.568)
Council Tax	(297.016)	(297.016)	(297.016)	-	-	-
Business Rates Retention Scheme	(58.500)	(58.500)	(58.500)	-	-	-
WC Funding	(412.561)	(412.561)	(411.993)	-	-	(0.568)
COUNCIL GENERAL FUND NET OF FUNDING	(0.000)	(0.000)	(28.404)	12.823	4.098	11.483

APPENDIX B – EARMARKED RESERVES (page 1)

Service Area	Reserve	Opening Balance 2021/22 £m	Actioned in year £m	Q3 Underspend £m	New request £m	New request £m	Closing Balance 2021/22 £m
PEOPLE SERVICES							
Whole Life Pathway	Syrian Refugee Programme	-0.991	0.000	0.000	-0.035	0.000	-1.026
Whole Life Pathway	Bridging Support	0.000	0.000	0.000	-0.061	0.000	-0.061
Whole Life Pathway	Afghan Resettlement	0.000	0.000	0.000	-0.112	0.000	-0.112
Families & Children	NAAS	-0.163	0.058	0.000	0.000	0.000	-0.105
Families & Children	Support for Care Leavers	-0.012	0.000	0.000	-0.016	0.000	-0.028
Families & Children	Supporting Families	0.000	0.000	0.000	-0.148	0.000	-0.148
Education & Skills	SIMB School Improvement	-0.220	0.000	0.000	0.000	0.000	-0.220
Education & Skills	Early Years Professional Development Programme	-0.062	0.000	0.000	-0.038	0.000	-0.100
Education & Skills	Building Bridges	-0.031	0.000	0.000	0.000	0.000	-0.031
Education & Skills	Covid Wellbeing for Education Return	0.000	-0.072	0.000	0.000	0.000	-0.072
Education & Skills	Not in Education, Employment or Training (NEET)	0.000	0.000	0.000	-0.057	0.000	-0.057
Education & Skills	Virtual Schools Head Extended Duties	0.000	0.000	0.000	-0.105	0.000	-0.105
Education & Skills	CCG Short Breaks	0.000	0.000	0.000	-0.070	0.000	-0.070
Commissioning - Adults	IBCF	-0.070	0.070	0.000	0.000	0.000	0.000
Commissioning - Childrens	Controlling migration fund	-0.095	0.095	0.000	0.000	0.000	0.000
Commissioning - Childrens	Mental Health Local Transformation Plan	-0.016	0.016	0.000	0.000	0.000	0.000
Commissioning - Childrens	Practitioner Training Grant	-0.010	0.010	0.000	0.000	0.000	0.000
RESOURCES							
Finance	Insurance Reserve	-2.659	-0.575	0.000	0.000	0.000	-3.234
Finance	Local Welfare Provision Grant	-0.077	0.000	0.000	-0.094	0.000	-0.171
Finance	Council Tax Hardship Relief	-0.172	0.000	0.000	-0.140	0.000	-0.312
Assets & Commercial Development	Community Housing Fund	-0.462	0.000	0.000	0.000	0.000	-0.462
Assets & Commercial Development	Flexible Housing Support Grant	-0.950	0.950	0.000	-0.250	0.000	-0.250
Assets & Commercial Development	Rough Sleeper Grant	-0.166	0.166	0.000	0.000	0.000	0.000
Assets & Commercial Development	Homelessness Reduction	-0.121	0.121	0.000	0.000	0.000	0.000
Assets & Commercial Development	Preventing Homelessness	-0.187	0.187	0.000	0.000	0.000	0.000
Assets & Commercial Development	Preventing Repossessions Grant	-0.095	0.095	0.000	0.000	0.000	0.000
Assets & Commercial Development	Homelessness Case Level Info Grant	-0.005	0.005	0.000	0.000	0.000	0.000
Digital & Information	CMS Single View of the Customer	-0.341	0.341	0.000	0.000	0.000	0.000
PLACE SERVICES							
Leisure, Culture & Communities	Sports Development	-0.058	0.000	0.000	0.000	0.000	-0.058
Leisure, Culture & Communities	World Heritage Site Trust Transition	-0.028	0.014	0.000	0.000	0.000	-0.014
Leisure, Culture & Communities	Museum Development	-0.024	0.000	0.000	-0.017	0.000	-0.041
Leisure, Culture & Communities	Leisure - Disability Sport Programme	-0.010	0.000	0.000	0.000	0.000	-0.010
Leisure, Culture & Communities	Public Art Grant	-0.009	0.009	0.000	0.000	0.000	0.000
Leisure, Culture & Communities	Heritage Lottery Fund - Windrush	-0.007	0.000	0.000	0.000	0.000	-0.007
Leisure, Culture & Communities	Leisure - Free Gym Referral Programme	-0.007	0.000	0.000	0.000	0.000	-0.007
Leisure, Culture & Communities	Woolmore Farm Rights of Way - Slow Worms	-0.006	0.000	0.000	0.000	0.000	-0.006
Leisure, Culture & Communities	English Heritage Monument Funding	-0.005	0.000	0.000	0.000	0.000	-0.005
Leisure, Culture & Communities	Street games	-0.001	0.000	0.000	0.000	0.000	-0.001
Leisure, Culture & Communities	Lord Methuen Charitable Trust	-0.001	0.000	0.000	0.000	0.000	-0.001
Leisure, Culture & Communities	Passenger Transport Reserve	-1.876	0.053	0.000	0.000	0.000	-1.823
Leisure, Culture & Communities	Leisure	-0.013	0.005	0.000	0.000	0.000	-0.008
Leisure, Culture & Communities	Area Board Reserve	-0.070	0.000	0.000	0.000	0.000	-0.070
Economy & Regeneration	Local Plan	-0.323	-0.326	0.000	0.000	0.000	-0.649
Economy & Regeneration	One Public Estate	-0.465	0.083	0.000	0.000	0.000	-0.382
Economy & Regeneration	Porton Science Park	-0.274	-0.042	0.000	0.000	0.000	-0.316
Economy & Regeneration	Neighbourhood Planning	-0.164	0.046	0.000	0.000	0.000	-0.118
Economy & Regeneration	Future High Street Fund	-0.105	0.000	0.000	0.000	0.000	-0.105
Economy & Regeneration	Wiltshire Towns fund (WTF)	0.000	-0.723	0.000	0.000	0.000	-0.723
Highways & Transport	Play Area Asset Transfers	-0.059	0.059	0.000	0.000	0.000	0.000
Highways & Transport	Waste LOT	-0.168	-0.168	0.000	0.000	0.000	-0.336
Highways & Transport	Highways & Environment Reserve	-3.007	0.512	0.000	0.000	0.000	-2.495
Highways & Transport	Car Parking Machines	-0.034	0.000	0.000	0.000	0.000	-0.034
Highways & Transport	Statutory Notices	0.000	0.000	0.000	-0.035	0.000	-0.035
Highways & Transport	Biodiversity Net Gain	0.000	0.000	0.000	-0.020	0.000	-0.020
Highways & Transport	Local Transport Authority Capacity	0.000	0.000	0.000	-0.179	0.000	-0.179
Highways & Transport	Passenger Transport Reserve	0.000	0.000	0.000	-0.640	0.000	-0.640
Highways & Transport	Ash Die Back	0.000	-0.709	0.000	0.000	0.000	-0.709

APPENDIX B – EARMARKED RESERVES (page 2)

Service Area	Reserve	Opening Balance 2021/22 £m	Actioned in year £m	Q3 Underspend £m	New request £m	New request £m	Closing Balance 2021/22 £m
CHIEF EXECUTIVE DIRECTORS							
Legal & Governance	Elections Reserve	-0.200	-0.200	0.000	0.000	0.000	-0.400
Human Resources & OD	Skills for Care Grant	-0.018	0.000	0.000	0.000	0.000	-0.018
Public Health	Public Health	-3.366	-3.262	0.000	0.000	0.000	-6.628
CORPORATE							
Corporate	Budget Equalisation	-7.861	4.165	-12.824	0.000	0.000	-16.520
Corporate	Inflation	0.000	0.000	0.000	0.000	-7.000	-7.000
Corporate	Latent Demand	-7.895	0.000	0.000	0.000	0.000	-7.895
Corporate	Pay Award Reserve	-2.000	0.144	0.000	0.000	0.000	-1.856
Corporate	Gain Share Income	-2.675	2.675	0.000	0.000	0.000	0.000
Corporate	Transformation	0.000	-3.301	0.000	0.000	0.000	-3.301
Whole Life Pathway	Transformation	0.000	0.000	0.000	-1.200	0.000	-1.200
Living & Aging Well	Transformation	0.000	0.000	0.000	-0.758	0.000	-0.758
Assets & Commercial Development	Transformation	0.000	0.000	0.000	-0.096	0.000	-0.096
Corporate	Business Plan Priorities	0.000	-0.397	0.000	0.000	-1.683	-2.080
Corporate	Wiltshire Foundation Trust	-0.052	0.000	0.000	-0.025	0.000	-0.077
Corporate	Enabling Fund	-0.140	0.140	0.000	0.000	0.000	0.000
Corporate	Depot Phase Two Feasibility	0.000	-0.500	0.000	0.000	0.000	-0.500
Corporate	Salisbury Recovery	-0.272	0.214	0.000	0.000	0.000	-0.058
Corporate	Schools PFI Reserve	-3.152	-0.221	0.000	0.000	0.000	-3.373
Corporate	PFI Housing EMR	-2.553	0.109	0.000	0.000	0.000	-2.444
Corporate	COVID 19 Business Grants	-9.212	9.212	0.000	0.000	0.000	0.000
Corporate	COMF	-8.041	3.266	0.000	0.000	0.000	-4.775
Corporate	Covid 19 Grant Workstreams	0.000	-0.266	0.000	0.000	0.000	-0.266
Corporate	Covid 19 Test and Trace	0.000	-0.146	0.000	0.000	0.000	-0.146
Corporate	Covid Wellbeing for Education Return	-0.080	0.000	0.000	0.000	0.000	-0.080
Corporate	Covid Vulnerable	-0.346	-0.801	0.000	0.000	0.000	-1.147
Corporate	Covid Compliance	-0.189	0.189	0.000	0.000	0.000	0.000
General Government Grants	Business Rates Equilisation Fund	-0.309	0.000	0.000	0.000	0.000	-0.309
General Government Grants	Collection Fund S31 Grant	-34.254	23.321	0.000	0.000	0.000	-10.933
General Government Grants	Collection Fund Volatility Reserve	-10.717	4.279	0.000	0.000	0.000	-6.438
General Government Grants	LA EU Exit Preparation Grant	-0.105	0.105	0.000	0.000	0.000	0.000
GENERAL FUND EARMARKED RESERVES		-107.056	39.005	-12.824	-4.096	-8.683	-93.654
Education & Skills	Locally Managed Schools Balances	-12.542	-1.606	0.000	0.000	0.000	-14.148
Education & Skills	DSG Reserve	18.717	7.256	0.000	0.000	0.000	25.973
TOTAL EARMARKED RESERVES		-100.881	44.655	-12.824	-4.096	-8.683	-81.829

APPENDIX C - SAVINGS DELIVERY 2021/22

Service Area		Total Saving (£m)	Delivered (£m)	Red (£m)	Alternative Savings (£m)
Corporate Director People					
Family & Childrens	2021/22	- 0.153	- 0.153	-	-
Learning Disabilities & Mental Health	Prior Years	- 0.700	- 0.100	-	- 0.600
Access & Reablement	Prior Years	- 0.700	- 0.300	-	- 0.400
	2021/22	- 0.130	- 0.130	-	-
Commissioning - Adults	Prior Years	- 0.367	- 0.200	-	- 0.167
	TOTAL	- 2.050	- 0.883	-	- 1.167
Corporate Director Resources					
Housing & Commercial Development	2021/22	- 0.050	- 0.050	-	-
	TOTAL	- 0.050	- 0.050	-	-
Chief Executive Directorates					
Human Resources & Org Development	2021/22	- 0.068	- 0.068	-	-
	TOTAL	- 0.068	- 0.068	-	-
Corporate / Cross Cutting					
	2021/22	- 2.200	- 1.701	-	- 0.499
	Total	- 2.200	- 1.701	-	- 0.499
GRAND TOTAL					
	Prior Years	- 1.767	- 0.600	-	- 1.167
	2021/22	- 2.601	- 2.102	-	- 0.499
	Total	- 4.368	- 2.702	-	- 1.666
	Prior Year %		34.0%	0.0%	66.04%
	2021/22 %		80.8%	0.0%	19.18%
	Total %		61.9%	0.0%	38.14%

Wiltshire Council

Cabinet

12 July 2022

Subject: Financial Year 2021/22 – Capital Programme Final Financial Year End Position

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 final year end position of the Capital Programme for the council as at 31 March 2022 for the financial year 2021/22, including the movements from the original budget, final scheme slippage and how the programme has been funded.

It provides an update on the significant programmes that have been delivered and those that have been reprogrammed to future years.

The reported forecast position set out in the quarter three budget monitoring report presented to Cabinet at its meeting on 1 February 2022 was that the Council would spend £163.823m on its Capital Programme in 2021/22. The final position for the year is a total spend of £111.130m with a request to Cabinet to roll forward £51.508m budget into future years.

Proposal(s)

Cabinet is asked to note:

- a) the additional capital budgets of £2.677m that have been added to the 2021/22 programme under Chief Finance Officer delegated powers
- b) the underspend and subsequent removal of £2.868m capital budget for the Major Road Network schemes in line with grant received for business cases. Going forward schemes have been added to the programme as individual schemes.
- c) the end of year underspend and subsequent removal of £0.178m for completing Local Growth Fund schemes and Wiltshire Online

d) the £0.816m costs that have been transferred to revenue as the capital schemes are not progressing, £0.809m for Boscombe Down and £0.007m prior year spend of feasibility work for a scheme not proceeding for HRA Council House Build programme.

e) The reprogramming of £79.361m budget from 2022/23 to future years.

Cabinet is asked to approve:

f) the £51.508m of capital programme slippage to be rolled forward into future years

g) Transfer of £1.191m 2022/23 budget from the Boscombe Down scheme to a corporate budget to be used to manage expected inflation pressures on projects during 2022/23

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 final year end capital outturn position for the Council for the financial year 2021/22.

Terence Herbert
Chief Executive

Wiltshire Council

Cabinet

12 July 2022

**Subject: Financial Year 2021/22 – Capital Programme Final
Financial Year End Position**

**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 final year end position for financial year 2021/22 (31 March 2022) for the capital programme.

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.

Main Considerations for the Council

CAPITAL PROGRAMME – YEAR END POSITION 2021/22

3. The Council approved a net capital programme budget for 2021/22 of £214.351m at its meeting on 23 February 2021. Throughout the year as part of the budget monitoring process and as reported and approved by Cabinet, the Capital Programme has been amended and the table below sets out the changes approved at each quarter and the opening position for quarter 3.

Table 1 – Capital Programme Amendments to Quarter 3

	Qtr. 1 £'m	Qtr. 2 £'m	Qtr. 3 £'m
Opening Capital Programme 2021/22	214.351	224.555	166.340
Amendments to Capital Programme from 2020/21 Year End Position			
Budgets reprogrammed into 2021/22	6.392		
Year end position budget transfer from 2020/21 into 2021/22	20.340		
Amendments to Capital Programme as part of Quarterly Review			
Additional budgets added to the programme	16.881	0.164	
Grant amendments	5.407		
Budgets reprogrammed from 2021/2022 into future years	(38.816)	(55.759)	(2.510)
Budget removed from Capital Programme		(2.620)	(0.007)
Closing Capital Programme 2021/22	224.555	166.340	163.823

4. The final capital programme budget for year ending 2021/22 stood at £163.632m, Cabinet is asked to note the movements as shown in the table below from the capital programme budget presented to Cabinet at Q3.

Table 2 – Q4 Capital Programme Amendments

	£'m
Capital Programme 2021/22 as at 31st December 2021	163.823
Amendments to Capital Programme from Qtr. 4 Review to Note:	
Additional budgets added to the programme	2.677
Budget removed from the programme	-2.868
Capital Programme 2021/22 as at 31st March 2022	163.632

5. £2.677m has been added to the 2021/22 programme under Chief Finance Officer delegated powers, this is detailed in Appendix A and B. These additions and amendments have no effect on the net funding position of the capital programme as they are funded by grant or contributions.
6. £2.868m has been removed from the Major Road Network programme to bring the budget in line with the grant received, which supported schemes to the Business Case stage. As part of 2022/23 budget setting, schemes proceeding have now been added to the programme individually for greater transparency.
7. The total capital expenditure for the year was £111.130m compared to the budget of £163.632m, resulting in an underspend on the programme of £52.502m. This is due to a combination of programme slippage and reprofiling as detailed in the paragraphs below, and has meant that the Council has had to finance less capital spend in 2021/22 than planned.

8. The biggest impact to the Council of the capital programme slippage is created from schemes funded by borrowing. This impacts favourably on the Financing and Investment Income and Expenditure revenue budget for 2021/22 and 2022/23.
9. At Q3 it was forecast that the Financing and Investment Income and Expenditure revenue budget would be £1.927m underspent, the final year end position was £1.773m underspent.
10. The Council took a treasury management decision to borrow £80m in March 2022 for the capital programme to cover the planned activity with Stone Circle Housing and Development companies over the next 8 years. Overall interest payable was (£0.145m) lower than budget and interest receivable was (£0.577m) more than budget due to interest from loans to the council traded companies, interest from loans to Wiltshire College and increasing interest rates, which have been increasing since January 2022. This underspend has been offset by costs charged to revenue for Boscombe Down of £0.807m as the scheme is no longer proceeding. The historic costs need to be transferred back to revenue as an asset will not be created.
11. The final borrowing figure for the 2021/22 capital programme sets the Minimum Revenue Provision charge for year 2022/23 at £16.015m. As a result of the underspend there will be a £1.197m saving on the Minimum Revenue Provision 2022/23 budget.
12. Grants and contributions that are ringfenced but not used to fund the capital programme are held on the balance sheet. During the year no grants or contributions with specific conditions were returned.
13. A detailed financial position by scheme is shown in Appendix A.
14. Cabinet are asked to note the underspend and subsequent removal of £0.020m budget for A350 West Ashton, £0.086m Chippenham Station Hub and £0.036m for Salisbury LGF scheme. These are Local Growth Fund schemes that completed and final bills have come in less than the estimated costs. The grant for these schemes will need to be returned to SWLEP and subsequently Government. £0.036m underspend for Wiltshire Online scheme has been removed as this is no longer required. This scheme is funded by borrowing and was specifically allocated for salary costs which came in lower than expected.
15. Cabinet are asked to approve £51.508m of slippage to be rolled forward into future years, and to note the further reprogramming of £79.361m from 2022/23 into future years. The combined impact of the changes in this report amends the 2022/23 capital programme budget to £280.462m

Table 3 – 2021/22 Slippage

Service	Final Budget 2021/2022 £'m	Total Spend 2021/2022 £'m	Budget Remaining 2021/2022 £'m	Underspend (Budget Removed) £'m	Costs Transferred to Revenue £'m	Budget Moved to Future Years £'m
Corporate Director - People	24.894	16.724	8.170	0.000	0.000	8.170
Corporate Director - Resources	67.753	49.993	17.760	0.000	0.000	17.760
Corporate Director - Place	49.931	28.292	21.639	0.178	0.809	20.652
General Fund Total	142.578	95.009	47.569	0.178	0.809	46.582
Housing Revenue Account	21.054	16.121	4.933	0.000	0.007	4.926
General Fund and HRA Programme 2021/22	163.632	111.130	52.502	0.178	0.816	51.508

People

16. The table below shows the capital programme summary position for People Directorate. The total spend for 2021/22 was £16.724m against a budget of £24.894m resulting in slippage of £8.170m that is requested to roll forward into 2022/23.

17. £0.393m and £0.178m were added to the capital programme budgets in 2021/22 and 2022/23 respectively for S106 developer and grant contributions, the detail for this is shown in Appendix B.

Table 4 – 2021/22 Capital Programme, People Services

Service	Final Budget 2021/2022 £'m	Total Spend 2021/2022 £'m	Budget Remaining 2021/2022 £'m	Budget Moved to Future Years £'m
Whole Life Pathway	0.020	0.000	0.020	0.020
Ageing & Living Well	3.377	2.922	0.455	0.455
Education & Skills	20.997	13.802	7.195	7.195
Families & Children's	0.500	0.000	0.500	0.500
Corporate Director - People	24.894	16.724	8.170	8.170

Aging & Living Well

18. The Disabled Facilities grant programme is a grant scheme for adaptations and facilities to enable disabled residents to stay in their home. In addition, in 2021/22 it has been used to fund the provision of two extended and adapted flats for bariatric wheelchair clients in the Council's homeless hostel and funded the Optimising Care Initiative and Occupational Therapist Service to ensure clients are assisted to move to more suitable accommodation. The slippage of £0.455m is largely due to delays from reprofiling of works where vulnerable clients have needed to shield and the supply of materials.

Education & Skills

19. In March 2021, Cabinet approved a list of 41 large, planned maintenance projects including roof replacements, full rewires and heating system replacements to be completed in 2021/22. The majority of these projects have been completed, there

is slippage of £0.558m in relation to projects that were scheduled for the Easter 2022 holidays and some retentions that have not been released due to ongoing snagging issues. A large scheme to replace time expired temporary accommodation at Preshute Primary completed over the summer.

20. Six projects completed this financial year in relation to additional pupil place provision. This programme is to ensure that Wiltshire Council is meeting its statutory duty to provide sufficient school places. Included within this work was the expansion of Bitham Brook Primary School and the creation of a new Alternative Provision unit at Hope Nature Centre. There is slippage of £2.744m on the programme partly due to delay in the delivery of the Lea and Garsdon expansion which is now expected to complete this summer.
21. Stonehenge School replacement has recently been tendered, with works planned to commence on site in the summer of 2022.
22. During 2021/22 the Council continued to move forward with its capital programme to create additional places for children with special educational needs. The Authority has supported the delivery of 155 additional high needs places over the last three years. This included projects with all of Wiltshire's special schools and the creation of new resource base places across Wiltshire.
23. The Special Schools Transformation agenda has moved forward to deliver new places at the Rowde site of Silverwood School. During 2021/22 planning consent, preliminary and preconstruction works completed ready for construction to commence in April 2022.
24. The Silverwood build programme will deliver significant additional places from September 2023 for learners with SEND, and in the meantime, schemes have been being progressed at pace to ensure Wiltshire has sufficient capacity for learners requiring specialist provision through the SEND Special School Capacity and Alternative Provision budget. This will see the creation of 44 new specialist provision places across the county for September 2022 and 23 places for September 2023 in both special schools and resource bases.

Families & Children

25. The bid submitted to the DfE for building, buying or refurbishing children's residential homes to meet growing demand for local placements for children in care was unsuccessful however, the local authority will be submitting bids to subsequent funding rounds.
26. Operational model options include operating in house or commissioning an experienced provider to operate from the building. Options around delivery models were considered and the most cost-effective model is a commissioned children's home. The successful external bidder will score most highly for quality, safeguarding, flexibility, and value for money. In order to consider options fully, the decision making process around this has taken longer than anticipated and the

options around available Wiltshire properties on the housing market have been both limited and in high demand hence the delay to this scheme.

27. The slippage of £0.500m is required in 2022/23 to enable the purchase to take place.

Resources

28. The table below shows the capital programme summary position for Resources Directorate. The total spend for 2021/22 was £49.993m against a budget of £67.753m leading to slippage of £17.760m that is requested to roll forward into 2022/23.

29. In line with cabinet decisions taken in 2021/22 Capital Receipts Enhancement budget has been increased by £0.500m in 2021/22 and £0.600m in 2022/23 to fund demolitions at Christie Miller and Melksham Blue pool.

Table 5 – Capital Programme 2021/22, Resources

Service	Final Budget 2021/2022 £'m	Total Spend 2021/2022 £'m	Budget Remaining 2021/2022 £'m	Budget Moved to Future Years £'m
Finance	4.000	1.241	2.759	2.759
Assets & Commercial Development	46.933	36.667	10.266	10.266
Capital Loans	11.561	8.560	3.001	3.001
Information Services	5.259	3.525	1.734	1.734
Corporate Director - Resources	67.753	49.993	17.760	17.760

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. The contract was awarded in 2021/22 and the new system will be Oracle. The new system is planned to go live towards the latter end of the 2022/23 calendar year with SAP expected to be decommissioned by April 2023. As part of the financial review and final revenue position for the year staff costs totalling £0.533m were not capitalised in 2021/22 to create more capacity in the capital budget for 2022/23.

Assets & Commercial Development

31. As part of the Depot Phase One programme the refurbishment of the Highpost and Royal Wootton Bassett Depots were completed in 2021, and Warminster Depot was completed in 2022. The refurbishment and expansion of Parsonage Way Depot in Chippenham is scheduled to complete in the Autumn of 2022 and the new depot at Hindon Stagger in the south west of the county will complete in 2023/24. The slippage of budget to 2022/23 relates to delays in spending on the two outstanding projects, including the final land acquisition for Hindon Stagger. The delays will not affect the forecast completion dates for these projects.

32. The Operational Property Energy Efficiency & Generation (OPEEG) and the grant funded Public Sector Decarbonisation Scheme (PSDS) budgets have delivered 63 projects this year to reduce the council's carbon emissions and reduce the cost of utilities across the property estate. These projects include multiple PV (solar panel) installations, lighting upgrades, upgraded air handling units, and the installation of air source heat pumps across all types of property in the estate including leisure centres, depots, respite centres and hub buildings. The focus on delivering projects through the PSDS programme resulted in a slow down of projects and spend through the OPEEG programme creating some budget slippage to 2022/23.
33. The Facilities Management Operational Estate budget is for essential repair and maintenance works across the council's whole property estate to keep those buildings open and safe. Major works are required to several of the multi-storey car parks which were due to be completed in 2021/22 however these works will now not be completed until 2022/23 and results in the budget slippage of £1.555m to 2022/23.
34. Melksham Community Campus is on track and due to open in the summer of 2022 and is on target to be delivered within budget. Melksham House has completed design stage and achieved planning consent in 2021/22. Calne and Cricklade community campus are complete, but retentions have not been released as defects are still being resolved. This combined with reprofiling on Melksham House accounts for the £1.596m outturn slippage.
35. Porton Science Park phase two will deliver a 3,576 sqm Collaborative Innovation Centre to support specific scientific activities linked to the Porton Campus. The Centre will be a research and innovation facility providing meeting and conferencing space, collaborative workspace, Grow-on space and flexible office and laboratory bench space. A programme of business support, training and development will be offered, delivered by specialist providers out of the new building.
36. Following a pre-construction agreement to deliver the design and provide construction costs, McAvoy were retained as the modular building contractor and a NEC3 Engineering & Construction contract was entered into in July 2021. All 83 modules have been constructed and delivered to site, and work has begun on the roof and weather proofing the building. There was some programme delay resulting in £1.728m slippage and the building is due for handover at the end of July 2022.

Capital Loans

37. This represents the capital loans funding provided to Stone Circle companies in 2021/22. The total capital loan for 2021/22 was £8.122m for Stone Circle Housing and £0.438m for Stone Circle Development Company.
38. Stone Circle Housing Company purchased 37 properties in 2021/22. The original Business Plan target was to acquire 72 units but this was not achieved due to market conditions, significant competition and a scarcity of available property.

There is year-end capital budget slippage of £1.878m as these issues continued into the fourth quarter of the year.

39. In total Stone Circle Housing company has acquired 51 properties and has a Capital Loan of £11.055m and a working capital loan of £0.184m from Wiltshire Council as at the 31 March 2022. The Business Plan programme is still based on acquiring 250 units by 2024/25 and the Plan has been revised and new house price parameters established to enable the company to be more competitive.
40. Stone Circle Development Company has worked on five development sites across Wiltshire for delivery of market properties. The proposal is to deliver Carbon Zero affordable housing at policy compliant levels. In 2021/22 the Company achieved its first planning permission on Priestly Grove and submitted planning on three other sites. The end of year slippage of £1.123m is due to sites progressing at a slower pace. The company has a Capital Loan of £0.535m and a Working Capital Loan of £0.162m from Wiltshire Council as at the 31 March 2022.
41. Wiltshire Council charged interest to Stone Circle Housing Company of £0.224m and Stone Circle Development Company of £0.017m for 2021/22.

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. A refresh of the technology in the main council chamber has been undertaken this financial year.
43. There has been some programme delay and reprofiling resulting in £1.734m slippage, due to a range of factors. Infrastructure projects have suffered from global shortages of ICT equipment and lead in times for procurement were greatly extended. Specialist staffing and resources were not always easy to secure which delayed some work and, following the end of the COVID19 pandemic period, further time has been necessary to determine and establish business direction on some areas of technology needs.

Housing Revenue Account (HRA)

44. The table below shows the capital programme summary position for the Housing Revenue Account. The total spend for 2021/22 was £16.121m against a budget of £21.054m leading to slippage of £4.926m that is requested to roll forward into 2022/23.

Table 6 – Capital Programme 2021/22, HRA

Service	Final Budget 2021/2022 £'m	Total Spend 2021/2022 £'m	Budget Remaining 2021/2022 £'m	Costs Transferred to Revenue £'m	Budget Moved to Future Years £'m
Housing Revenue Account	21.054	16.121	4.933	0.007	4.926

45. 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 1000 homes over the next ten years.
46. Challenges with the material supply chain and with contractor capacity resulted in some areas of the planned maintenance work programme slowing down during the year. In addition, there were delays with the delivery of new vans which meant they did not arrive until the new financial year. Combined, this has led to £1.560m slippage.
47. The Council House Build programme completed 21 units in 2021/22 with a further 46 units commencing works on site. The outturn slippage of £3.366m is due to projects not progressing as quickly as anticipated, as seen nationally there have been issues with the construction industry supplies and increasing costs. This will need to be monitored closely for the rest of the programme.

Place

48. The table below shows the capital programme summary position for Place Directorate. The total spend for 2021/22 was £28.292m against a budget of £49.931m resulting in slippage of £20.652m that is requested to roll forward into 2022/23.
49. Appendix B shows the breakdown of the capital budget adjustments in quarter 4. For Place Services £0.159m additional grant and £0.542m S106 and Town/Parish contributions were added to the programme budgets. In addition, a revenue contribution to capital of £0.986m was made towards capital staffing costs. This contribution was made to support the forecast inflation increases for 2022/23 and possible due to the favourable 2021/22 revenue year end position.
50. £2.868m has been removed from the Major Road Network programme, in line with the value of the grant received to deliver schemes to the Business Case stage. As part of 2022/23 budget setting, schemes proceeding have now been added to the programme individually for greater transparency.
51. The final retention and invoices for the completed Local Growth Fund schemes are less than the estimated costs. The budget of £0.142m has therefore been removed and the grant for these schemes will need to be returned to SWLEP and subsequently government.

52. The unspent 2021/22 budget of £0.036m for Wiltshire Online scheme staffing has been removed. This scheme is funded by borrowing.

53. Boscombe Down is not proceeding so the historical capital costs need to be transferred to revenue as an asset will not be created. £0.809m costs been transferred in 2021/22. It is recommended that the future capital budgets of £1.191m which is funded by borrowing is moved to create a corporate budget within Resources to be used in 2022/23 for the increased inflation costs forecast for 2022/23. The allocation of this will be reported as part of the budget monitoring reporting during the year.

Table 7 – Capital Programme 2021/22, Place Services

Service	Final Budget 2021/2022 £'m	Total Spend 2021/2022 £'m	Budget Remaining 2021/2022 £'m	Underspend (Budget Removed) £'m	Costs Transferred to Revenue £'m	Budget Moved to Future Years £'m
Highways & Transport	31.288	27.748	3.540	0.000	0.000	3.540
Economy & Regeneration	16.277	(0.597)	16.874	0.178	0.809	15.887
Environment	0.876	0.408	0.468	0.000	0.000	0.468
Leisure Culture & Communities	1.490	0.733	0.757	0.000	0.000	0.757
Corporate Director - Place	49.931	28.292	21.639	0.178	0.809	20.652

Highways & Transport

54. 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.

55. Overall, the majority of projects included within the works programme for 2021/22 were completed, however there were a small number of projects that needed to be reprofiled into 2022/23 resulting in £1.871m slippage. Due to substantially increasing construction inflation and the more favourable revenue position, staffing costs were not capitalised in 2021/22 and were instead funded from revenue contribution to capital to create capacity in the 2022/23 capital budgets to manage this pressure. This accounts for £0.986m of the slippage.

56. The Integrated Transport programme is also funded by DfT grant and covers design and implementation of a range of safety engineering schemes and projects to improve economic growth and traffic management. This includes new and/or improvement of signing, traffic signals, street furniture, crossings and cycleway/footway implementation and improvements. Overall, the majority of projects included within the works programme were completed, however there is £0.824m slippage of projects into 2022/23.

57. The LED Street Lighting project to convert 40,000 streetlights to LED substantially completed in 2021/22 with 38,100 streetlights being converted. The programme slippage of £0.563m is due to a number of heritage style units which take longer to complete. The programme is due to be finalised in July 2022. The programme is delivering energy and maintenance savings to cover the cost of borrowing for the programme and deliver an additional £0.400m revenue savings.

Economy & Regeneration

58. There are three significant schemes included in the 2021/22 programme under Economy & Regeneration; £8.784m for West Ashton Urban Extension Project, £2.593m for Salisbury Future High Street and £2.157m for Trowbridge Future High Street which have all had significant year end slippage.

59. The council secured £8.784m of Housing Infrastructure Funding from Homes England to support the costs of road infrastructure required to deliver 2,200 new houses at West Ashton, Trowbridge. Once the scheme is in the delivery phase the grant will be repaid to the council by the developer as the new homes are occupied. The council will then be able to reinvest the funding in further residential projects where there are viability issues, in agreement with Homes England. The project has been delayed and the full budget of £8.784m will slip into 2022/23 due to delays in agreement and execution of the Section 106 agreement to grant the scheme planning permission. Execution of the Section 106 agreement is now scheduled to complete by 14 July 2022 at which point the developer should complete land assembly, mobilise contractors and provide financial evidence to enable draw down of the funding from Homes England. The funding should be fully defrayed by 31 March 2023 and will be repaid to the council over the following years as the new homes are occupied.

60. Salisbury Future High Street will focus on the Station Forecourt and Fisherton Street in Salisbury. This will enhance the public realm and improve accessibility to make it easier, safer, and more convenient to travel into the city centre.

61. The Trowbridge Future High Streets Fund 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.

62. Both Future High Street programmes have slipped in 2021/22 due to delays with funding approval from DLUHC. Year end slippage of £2.274m for Salisbury and £1.879m for Trowbridge are being managed with DLUHC and spend reprofiled, with a requirement for grant funding being defrayed by April 2024. Salisbury has also seen delays to the programme due to rail authorisation processes.

Capital Programme 2020/21 Funding

63. The Capital Programme for 2021/22 has been financed as shown in the table below.

Table 8 – Capital Programme 2021/22 Funding

Funding	£'m
Grants	46.927
Contributions	4.501
HRA	16.121
Capital Receipts	3.181
Borrowing Funded by Revenue Savings in Service	3.506
Borrowing	27.349
Stone Circle Capital Loan	8.560
Revenue Contributions to Capital	0.985
Total Capital Programme 2021/22	111.130

64. The two borrowing amounts that total £30.855m, 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 this charge to revenue will be £16.015m. This is lower than the 2022/23 budget, that was set at £17.212m based on the capital programme forecast as at Q3 and will result in a saving in 2022/23 of £1.197m.

65. In line with the Council's Minimum Revenue Provision policy, MRP is not set aside in respect of the Stone Circle Loans as the expectation is that the funds lent will be repaid in full a future date. This position is monitored through the companies' Business Plans and Accounts and reviewed annually. If it was determined that the loan or any part of the loan would not be repaid then MRP would need to be applied as appropriate. The Stone Circle Loans were reviewed alongside the Business Plan in 2021/22 and the ability to repay determined as likely no MRP has been accounted for in 2021/22 or proposed for 2022/23.

66. In 2021/22 £7.582m of capital receipts was brought forward and in year a further £3.302m was recognised. In addition to funding £3.181m of the capital programme from capital receipts as shown in the table above, £1.906m was allocated to fund transformational activity under the Flexible Use of Capital Receipts regulation. This spend and the schemes are reported within the Final Year End Financial Position 2021/22 Revenue report. As at 31st March 2022 the balance on Capital Receipts was £5.797m.

Overview & Scrutiny Engagement

67. Regular reports are taken to Overview & Scrutiny relating to the Council's financial position. This report is being considered by Financial Planning Task Group at its meeting on 8 July 2022.

Safeguarding Implications

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

Public Health Implications

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

Procurement Implications

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

Equalities and diversity impact of the proposals

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

Environmental and Climate Change Considerations

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

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

73. 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

74. Ongoing budget monitoring and management forms part of the control environment and is a mitigating process to ensure early identification and action is taken. This control has been effective during the year and as a result the risk managed, with the effect of significant amounts being set aside in reserves to help support financial risks in future years.

Financial implications – Section 151 Officer Commentary

75. This report is the final report on the Councils capital budgets for the financial year 2021/22.

76. The Councils capital programme started out at £214m, it had reduced to £164m by Q3 in recognition of programmes slippage. The final year end position is further slippage of £51.5m, with the final capital spend being £111.130m.

77. In 2022/23 the Council has an approved programme, subject to the approval of slippage and reprogramming, of £280m. This level of investment and the schemes within the programme will once again need to be reviewed by Cabinet, not only to ensure they are aligned with future policy direction but also to confirm if the profiling and phasing are accurate as this would be an extremely ambitious programme and

more than double what the Council has ever delivered in one financial year. This will be updated in the Q1 report to Cabinet in September.

Legal Implications

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

Workforce Implications

63. 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

64. 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

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

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Appendices

Appendix A: Capital Programme Report 2021/22

Appendix B: Capital Programme Adjustments Q4 2021/22

Background Papers

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

Wiltshire Council's Financial Plan Update 2021/22, Medium Term Financial Strategy 2025/26 and Capital Programme and Strategy
- Full Council, 23 February 2021

<https://cms.wiltshire.gov.uk/ieListDocuments.aspx?CId=130&MId=13056&Ver=4>

Financial Year 2021/2022 - Quarter Three Capital Budget Monitoring
- Cabinet, 1 February 2022

[Agenda for Cabinet on Tuesday 1 February 2022, 10.00 am | Wiltshire Council](#)

APPENDIX A – CAPITAL PROGRAMME REPORT 2021/22 (page 1)

Scheme Name	21/22 Budget Approved Q3	Budget Movements between Schemes	Additional Budgets added to the Programme (Section 1 Appendix B)	Final Budget 2021/2022	Total Spend 2021/2022	Budget Remaining 2021/2022	Underspend (Budget Removed)	Costs Transferred to Revenue	Budget Moved to Future Years
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Whole Life Pathway									
Sensory Stimulation & Development Play Equipment	0.020	0.000	0.000	0.020	0.000	0.020	0.000	0.000	0.020
Whole Life Pathway Total	0.020	0.000	0.000	0.020	0.000	0.020	0.000	0.000	0.020
Ageing & Living Well									
Disabled Facilities Grants	3.377	0.000	0.000	3.377	2.922	0.455	0.000	0.000	0.455
Ageing & Living Well Total	3.377	0.000	0.000	3.377	2.922	0.455	0.000	0.000	0.455
Education & Skills									
Access and Inclusion	0.158	0.000	0.000	0.158	0.132	0.026	0.000	0.000	0.026
Army Rebasing	0.032	0.000	0.000	0.032	0.020	0.012	0.000	0.000	0.012
Basic Need	9.078	(0.020)	0.340	9.398	6.654	2.744	0.000	0.000	2.744
Stonehenge School Replacement of Lower Block	0.409	0.000	0.000	0.409	0.113	0.296	0.000	0.000	0.296
Devolved Formula Capital	0.634	0.000	0.053	0.687	0.687	0.000	0.000	0.000	0.000
Schools Maintenance & Modernisation	4.755	0.020	0.000	4.775	4.217	0.558	0.000	0.000	0.558
Early Years & Childcare	0.467	0.000	0.000	0.467	0.011	0.456	0.000	0.000	0.456
DfE Funded SEN Specialist Placement Expansion	0.003	0.000	0.000	0.003	0.000	0.003	0.000	0.000	0.003
Silverwood Special School	3.757	0.000	0.000	3.757	1.060	2.697	0.000	0.000	2.697
SEND Special School Capacity & Alternative Provision	1.311	0.000	0.000	1.311	0.908	0.403	0.000	0.000	0.403
Education & Skills Total	20.604	0.000	0.393	20.997	13.802	7.195	0.000	0.000	7.195
Families & Children's Service									
Childrens Homes	0.500	0.000	0.000	0.500	0.000	0.500	0.000	0.000	0.500
Families & Children's Total	0.500	0.000	0.000	0.500	0.000	0.500	0.000	0.000	0.500
Corporate Director - People Total	24.501	0.000	0.393	24.894	16.724	8.170	0.000	0.000	8.170

APPENDIX A – CAPITAL PROGRAMME REPORT 2021/22 (page 2)

Scheme Name	21/22 Budget Approved Q3	Budget Movements between Schemes	Additional Budgets added to the Programme (Section 1 Appendix B)	Final Budget 2021/2022	Total Spend 2021/2022	Budget Remaining 2021/2022	Underspend (Budget Removed)	Costs Transferred to Revenue	Budget Moved to Future Years
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Finance									
Evolve Project	4.000	0.000	0.000	4.000	1.241	2.759	0.000	0.000	2.759
Finance Total	4.000	0.000	0.000	4.000	1.241	2.759	0.000	0.000	2.759
Assets & Commercial Development									
Capital Receipt Enhancement	0.111	0.000	0.500	0.611	0.113	0.498	0.000	0.000	0.498
Commercial - Commercial Investment	0.003	0.000	0.000	0.003	0.000	0.003	0.000	0.000	0.003
Lackham College Land Purchase	1.300	0.000	0.000	1.300	0.000	1.300	0.000	0.000	1.300
Depot & Office Strategy	5.236	0.000	0.000	5.236	4.624	0.612	0.000	0.000	0.612
Facilities Management Operational Estate	4.042	0.000	0.000	4.042	2.487	1.555	0.000	0.000	1.555
Housing Infrastructure Fund (HIF)	7.390	0.000	0.000	7.390	5.514	1.876	0.000	0.000	1.876
Porton Science Park	7.756	0.000	0.000	7.756	6.028	1.728	0.000	0.000	1.728
Health and Wellbeing Centres - Live Schemes	14.054	0.000	0.000	14.054	12.458	1.596	0.000	0.000	1.596
Non-Commercial Property Purchases	0.075	0.000	0.000	0.075	0.000	0.075	0.000	0.000	0.075
Operational Property Energy Efficiency and Generation	1.547	0.000	0.000	1.547	0.971	0.576	0.000	0.000	0.576
Public Sector Decarbonisation Scheme Projects	4.438	0.000	0.000	4.438	4.366	0.072	0.000	0.000	0.072
Salisbury Central Car Park & Maltings	0.481	0.000	0.000	0.481	0.106	0.375	0.000	0.000	0.375
Assets & Commercial Development Total	46.433	0.000	0.500	46.933	36.667	10.266	0.000	0.000	10.266
Capital Loans									
Stone Circle Housing Company Loan	10.000	0.000	0.000	10.000	8.122	1.878	0.000	0.000	1.878
Stone Circle Development Company Loan	1.561	0.000	0.000	1.561	0.438	1.123	0.000	0.000	1.123
Capital Loans Total	11.561	0.000	0.000	11.561	8.560	3.001	0.000	0.000	3.001
Information Services									
ICT Applications	1.713	0.000	0.000	1.713	1.036	0.677	0.000	0.000	0.677
ICT Business as Usual	0.557	0.000	0.000	0.557	0.462	0.095	0.000	0.000	0.095
ICT Other Infrastructure	1.070	0.000	0.000	1.070	0.040	1.030	0.000	0.000	1.030
ICT Get Well	1.315	0.000	0.000	1.315	1.531	(0.216)	0.000	0.000	(0.216)
Microsoft Cloud Navigator	0.604	0.000	0.000	0.604	0.456	0.148	0.000	0.000	0.148
Information Services Total	5.259	0.000	0.000	5.259	3.525	1.734	0.000	0.000	1.734
Corporate Director - Resources Total	67.253	0.000	0.500	67.753	49.993	17.760	0.000	0.000	17.760

APPENDIX A – CAPITAL PROGRAMME REPORT 2021/22 (page 3)

Scheme Name	21/22 Budget Approved Q3	Budget Movements between Schemes	Additional Budgets added to the Programme (Section 1 Appendix B)	Final Budget 2021/2022	Total Spend 2021/2022	Budget Remaining 2021/2022	Underspend (Budget Removed)	Costs Transferred to Revenue	Budget Moved to Future Years
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Highways & Transport									
Churchyards & Cemeteries	0.054	0.000	0.000	0.054	0.026	0.028	0.000	0.000	0.028
CIL Funded Schemes	0.053	0.000	0.000	0.053	0.000	0.053	0.000	0.000	0.053
Fleet Vehicles	0.364	0.000	0.000	0.364	0.244	0.120	0.000	0.000	0.120
Highway flooding prevention and Land Drainage schemes	0.000	0.000	0.044	0.044	0.313	(0.269)	0.000	0.000	(0.269)
Integrated Transport	3.675	0.000	0.656	4.331	3.507	0.824	0.000	0.000	0.824
LED Street Lighting	4.071	0.000	0.000	4.071	3.508	0.563	0.000	0.000	0.563
Major Road Network (MRN)	4.604	0.000	(2.868)	1.736	1.652	0.084	0.000	0.000	0.084
Pothole Fund Grant	9.212	0.000	0.000	9.212	0.000	9.212	0.000	0.000	9.212
Structural Maintenance & Bridges	10.290	0.000	0.986	11.276	18.429	(7.153)	0.000	0.000	(7.153)
Churchfields Depot Drainage and Traffic Management	0.147	0.000	0.000	0.147	0.066	0.081	0.000	0.000	0.081
Passenger Transport RTP1	0.000	0.000	0.000	0.000	0.003	(0.003)	0.000	0.000	(0.003)
Highways & Transport Total	32.470	0.000	(1.182)	31.288	27.748	3.540	0.000	0.000	3.540
Economy & Regeneration									
A350 West Ashton/Yarnbrook Junction Improvements	0.020	0.000	0.000	0.020	0.000	0.020	0.020	0.000	0.000
Boscombe Down	0.000	0.000	0.000	0.000	(0.809)	0.809	0.000	0.809	0.000
Chippenham Station HUB	0.000	0.000	0.000	0.000	(0.290)	0.290	0.086	0.000	0.204
Corsham Mansion House	0.048	0.000	0.000	0.048	0.000	0.048	0.000	0.000	0.048
Salisbury Future High Streets	2.593	0.000	0.000	2.593	0.319	2.274	0.000	0.000	2.274
Salisbury LGF Schemes	0.000	0.000	0.000	0.000	(0.036)	0.036	0.036	0.000	0.000
Trowbridge Future High Streets	2.157	0.000	0.000	2.157	0.278	1.879	0.000	0.000	1.879
West Ashton Urban Extension Project	8.784	0.000	0.000	8.784	0.000	8.784	0.000	0.000	8.784
Carbon Reduction Projects	0.070	0.000	0.000	0.070	0.000	0.070	0.000	0.000	0.070
Wiltshire Ultrafast Broadband	0.904	0.000	0.000	0.904	(0.169)	1.073	0.000	0.000	1.073
Wiltshire Online	1.701	0.000	0.000	1.701	0.110	1.591	0.036	0.000	1.555
Economy & Regeneration Total	16.277	0.000	0.000	16.277	(0.597)	16.874	0.178	0.809	15.887
Environment									
Waste Services	0.876	0.000	0.000	0.876	0.408	0.468	0.000	0.000	0.468
Environment Total	0.876	0.000	0.000	0.876	0.408	0.468	0.000	0.000	0.468
Leisure Culture & Communities									
Area Boards and LPSA PRG Reward Grants	0.971	0.000	0.000	0.971	0.729	0.242	0.000	0.000	0.242
Other Schemes including cross cutting systems	0.019	0.000	0.000	0.019	0.000	0.019	0.000	0.000	0.019
Leisure Requirements	0.500	0.000	0.000	0.500	0.004	0.496	0.000	0.000	0.496
Leisure Culture & Communities Total	1.490	0.000	0.000	1.490	0.733	0.757	0.000	0.000	0.757
Corporate Director - Place Total	51.113	0.000	(1.182)	49.931	28.292	21.639	0.178	0.809	20.652
2020/2021 Capital Programme General Fund Total	142.867	0.000	-0.289	142.578	95.009	47.569	0.178	0.809	46.582

APPENDIX A – CAPITAL PROGRAMME REPORT 2021/22 (page 4)

Scheme Name	21/22 Budget Approved Q3	Budget Movements between Schemes	Additional Budgets added to the Programme (Section 1 Appendix B)	Final Budget 2021/2022	Total Spend 2021/2022	Budget Remaining 2021/2022	Underspend (Budget Removed)	Costs Transferred to Revenue	Budget Moved to Future Years
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Housing Revenue Account									
HRA - Council House Build Programme	0.081	0.000	0.000	0.081	0.043	0.038	0.000	0.000	0.038
HRA - Council House Build Programme (Phase 2)	0.797	0.000	0.000	0.797	0.349	0.448	0.000	0.000	0.448
HRA - Council House Build Programme (Phase 3.1)	6.598	0.000	0.000	6.598	5.553	1.045	0.000	0.000	1.045
HRA - Council House Build Programme (Phase 3.2)	3.895	0.000	0.000	3.895	2.038	1.857	0.000	0.007	1.850
HRA - Council House Build Programme (Phase 3.3)	0.000	0.000	0.000	0.000	0.015	(0.015)	0.000	0.000	(0.015)
HRA - Refurbishment of Council Stock	9.585	0.000	0.098	9.683	8.123	1.560	0.000	0.000	1.560
Housing Revenue Account Total	20.956	0.000	0.098	21.054	16.121	4.933	0.000	0.007	4.926
2021/2022 Capital Programme General Fund and Housing Revenue Account Total	163.823	0.000	-0.191	163.632	111.130	52.502	0.178	0.816	51.508

APPENDIX B – CAPITAL PROGRAMME ADJUSTMENTS Q4 2021/22 (Page 1)

CHIEF FINANCE OFFICER (CFO) - EXERCISE OF DELEGATED POWERS & REQUESTS FOR ADDITIONAL RESOURCES WITHIN THE CAPITAL PROGRAMME						
Cabinet Meeting	12-Jul-22					
Financial Year:			2021/2022			
SECTION 1 - DELEGATED CFO POWERS						
"Adjustment/addition of scheme in the capital programme which has no effect on the net funding position of the programme i.e. Additional resources available in the form of Grant, Section 106 contributions etc which fund the addition, "						
Project Name:	Basic Need	Reason for movement:			Devizes School and Forest & Sandridge Expansion	
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
	0.340	0.178				
Funding Source:	S106 Developer Contributions					
Project Name:	Devolved Formula Capital	Reason for movement:			New grant money received	
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
	0.053					
Funding Source:	DFE Connect The Classroom Grants					
Project Name:	Capital Receipt Enhancement	Reason for movement:			Christie Miller Demolitions	
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
	0.500					
Funding Source:	Capital Receipts - General Fund					
Project Name:	Capital Receipt Enhancement	Reason for movement:			Melksham Blue Pool Demolitions	
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
		0.600				
Funding Source:	Capital Receipts - General Fund					
Project Name:	Highway flooding prevention and Land Drainage schemes	Reason for movement:			Land Drainage 21/22 Works	
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
	0.015					
Funding Source:	Wessex River Trust Contribution to works					
Project Name:	Highway flooding prevention and Land Drainage schemes	Reason for movement:			Amesbury & Salisbury SW Schemes	
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
	0.029					
Funding Source:	Environment Agency Grant towards schemes					
Project Name:	Integrated Transport	Reason for movement:			Developer Funds drawn for Mill Rd, Abberd Brook and Longhenge Path projects	
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
	0.004					
Funding Source:	S106 Developer Contributions					
Project Name:	Integrated Transport	Reason for movement:			Various small project contributions	
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
	0.522					
Funding Source:	S106 & Parish contributions					
Project Name:	Integrated Transport	Reason for movement:			Devizes Gateway Rail station	
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
	0.050					
Funding Source:	DFT Grant Devizes Railway					
Project Name:	Integrated Transport	Reason for movement:			Traffic Signal Maintenance Fund	
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
	0.080	0.420				
Funding Source:	DFT Grant Traffic Signals					
Project Name:	Integrated Transport	Reason for movement:				
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
	0.000					
Funding Source:	DFT Grant					
Project Name:	Major Road Network	Reason for movement:			DFT Overall Grant Reduction	
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
	-2.868					
Funding Source:	DFT Grant Reduction					
Project Name:	LTP Maintenance General	Reason for movement:			Staffing costs not capitalised in 2021/22	
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
	0.986					
Funding Source:	Revenue Contribution to Capital					
Total Delegated Changes Approved by Section 151	-0.289	1.198	0.000	0.000	0.000	0.000

APPENDIX B – CAPITAL PROGRAMME ADJUSTMENTS Q4 2021/22 (Page 2)

CHIEF FINANCE OFFICER (CFO) - EXERCISE OF DELEGATED POWERS & REQUESTS FOR ADDITIONAL RESOURCES WITHIN THE CAPITAL PROGRAMME						
Cabinet Meeting	12-Jul-22					
Financial Year:			2021/2022			
SECTION 2 - DELEGATED CFO POWERS						
<i>"Schemes within the capital programme which require the reprogramming of expenditure between years due to scheme not progressing as originally anticipated or other circumstances"</i>						
Project Name:	Commercial - Commercial Investment		Reason:	Reprofiled in line with forecast programme		
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
		-14.854	14.854			
Funding Source:	Borrowing funded by revenue savings					
Project Name:	Operational Property Energy Efficiency and Generation		Reason:	Reprofiled in line with forecast programme		
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
		-4.000	4.000			
Funding Source:	Borrowing					
Project Name:	Salisbury Central Car Park & Maltings		Reason:	Reprofiled in line with forecast programme		
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
		-33.005	33.005			
Funding Source:	Borrowing funded by revenue savings					
Project Name:	Stone Circle Housing Company Loan		Reason:	Reprofiled in line with revised Business Plan		
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
		-14.072	7.036	7.036		
Funding Source:	Borrowing funded by revenue savings					
Project Name:	Trowbridge Leisure Centre		Reason:	Reprofiled in line with forecast programme		
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
		-1.500	1.500			
Funding Source:	Borrowing					
Project Name:	HRA - Council House Build Programme (Phase 2)		Reason:	Reprofiled in line with forecast programme		
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
		-0.435	0.435			
Funding Source:	HRA Borrowing					
Project Name:	HRA - Council House Build Programme (Phase 3)		Reason:	Reprofiled in line with forecast programme		
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
		-4.753	4.753			
Funding Source:	HRA Borrowing					
Project Name:	HRA - Council House Build Programme (Phase 3)		Reason:	Reprofiled in line with forecast programme		
Budget Change:	2021/2022	2022/2023	2023/2024	2024/2025	2024/2025	2025/2026
		-6.742	6.742			
Funding Source:	HRA Borrowing					
Total Re-programming between years	0.000	-79.361	72.325	7.036	0.000	0.000
<p>In the exercise of my delegated powers (Section 1 and 2), I hereby authorise the amendments to the Capital Programme summarised above.</p> <p>CHIEF FINANCE OFFICER: Andy Brown</p> <p>DATE: Jul-22</p>						

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Wiltshire Council

Cabinet

12 July 2022

Subject: Treasury Management Outturn Report 2021/22

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

Key Decision: Non Key

Executive Summary

The Council adopted a Treasury Management Strategy and an Annual Investment Strategy for 2021/22 at its meeting on 2 February 2021.

The Treasury Management Strategy requires an Annual Outturn Report reviewing the Treasury Management activities for the year. This report covers the period from 1 April 2021 to 31 March 2022.

The Council has continued to finance capital expenditure through maximising the use of capital receipts, capital grants and internal borrowing. However, the Council has also drawn down £80m of borrowing from the PWLB this financial year, to take advantage of lower interest rates, before the forecast bank rate increases.

Overall, the Council is under borrowed by £120.275m. This has avoided the Council having to pay out external interest costs in the order of £3.235m. This under borrowed position is factored into the revenue budget. Against budget, there is an underspend in respect of the net position on interest receivable/payable (on both general fund and HRA) of £1.158m. This has been accounted for in the overall year end revenue outturn position for 2021/22.

The Council did not breach any of its performance indicators during 2021/22.

During the year the Council breached the counterparty duration limit for an investment held with Leeds Building Society. The duration limit is 100 days and the investment was made for 110 days (details can be found in paragraphs 63 to 66). This breach was reported as part of the Treasury Management Mid-Year Update Report 2021/22 and is reported here for completeness of the annual performance. Actions have been taken to mitigate the risk of reoccurrence of any such breach.

Proposals

Cabinet is requested to:

- a) Note that the contents of this report are in line with the Treasury Management Strategy 2021/22; and to
- b) Recommend to Full Council consideration of this report.

Reasons for Proposals

To give members an opportunity to consider the performance of the Council against the parameters set out in the approved Treasury Management Strategy for 2021/22.

Terence Herbert
Chief Executive

Wiltshire Council

Cabinet

12 July 2022

Subject: Treasury Management Outturn Report 2021/22

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

Key Decision: Non Key

PURPOSE OF REPORT

1. The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).
2. During 2021/22 the minimum reporting requirements were that the Council should receive the following reports,
 - an annual treasury strategy in advance of the year (reported to Cabinet on 2 February 2021)
 - a mid-year treasury update report (reported to Cabinet on 30 November 2021)
 - an annual review following the end of the year describing the activity compared to the strategy (this report)
3. The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.
4. This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports before they were reported to Full Council.

5. This report summarises the following,

- Capital activity during the year;
- Impact of this activity on the Council's underlying indebtedness, (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on the investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity;
- Detailed investment activity.

Overall Treasury Position

6. During 2021/22, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Prudential and Treasury Indicators	2020/21 Actual £m	2021/22 Original Budget/Estimate £m	2021/22 Actual £m
Capital Expenditure			
General Fund	97.121	182.774	95.012
HRA	10.114	31.577	16.120
Total	107.235	214.351	111.132
Capital Financing Requirement			
General Fund	473.779	574.240	493.470
HRA	107.865	108.267	99.864
Total	581.644	682.507	593.334
Gross Borrowing	336.157	456.926	408.557
External Debt	336.177	457.126	408.757
PFI Liability	68.957	62.568	64.502
Over/(under) borrowing	(176.530)	(163.013)	(120.275)
Investments			
Longer than one year	0.000	0.000	10.000
Under one year	142.452		209.529
Total	142.452		219.529
Net Borrowing	193.705		189.028

7. Other prudential and treasury indicators are to be found in the main body of the report.
8. The Corporate Director of Resources can confirm that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit) was not breached.
9. The financial year 2021/22 continued the challenging investment environment of previous years, namely low investment returns as a result of the economic downturn.

The Council's Capital Expenditure and Financing

10. The Council undertakes capital expenditure on long term assets. These activities may either be,
 - Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions) which has no resultant impact on the Council's borrowing need; or,
 - If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.
11. The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

General Fund	2020/21 Actual £m	2021/22 Budget £m	2021/22 Actual £m
Capital expenditure	97.121	182.774	95.012
Financed in year	62.767	61.371	55.594
Unfinanced Capital Expenditure	44.468	121.403	39.418

HRA	2020/21 Actual £m	2021/22 Budget £m	2021/22 Actual £m
Capital expenditure	10.114	31.577	16.120
Financed in year	10.114	31.577	16.120
Unfinanced Capital Expenditure	0.000	0.000	0.000

The Council's Overall Borrowing Need

12. The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2021/22 unfinanced capital expenditure (see

above table) and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

13. Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital programme, the treasury team organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government through the Public Works Loans Board, or the money markets), or utilising temporary cash resources within the Council.

The Capital Financing Requirement (CFR)

14. The Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need. There is no statutory requirement to reduce the HRA CFR. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.
15. The total CFR can also be reduced by,
 - The application of additional capital financing resources, such as unapplied capital receipts; or,
 - Charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP)
16. The Council's 2021/22 MRP Policy (as required by the DLUHC Guidance) was approved as part of the Treasury Management Strategy Statement on 2 February 2021.
17. The Council's CFR for the year is shown below and represents a key prudential indicator. It includes PFI and leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included within the contracts.

	2020/21 Actual £m	2021/22 Estimate £m	2021/22 Actual £m
Opening CFR			
CFR – General Fund	446.484	474.816	473.779
CFR – HRA	111.865	108.024	107.865
CFR – Total	558.349	582.840	581.644
Unfinanced Capital Expenditure (General Fund) as paragraph 10	44.468	121.403	39.418
Unfinanced Capital Expenditure (HRA) as paragraph 10	0.000	0.000	0.000
Less MRP/VRP	(12.955)	(16.864)	(15.273)
Less Other Long Term Liabilities (PFI)	(4.218)	(3.112)	(4.455)
Less Other Financing Movements	(4.000)	(1.760)	(8.000)
Closing CFR			
CFR – General Fund	473.779	574.240	493.470
CFR – HRA	107.865	108.267	99.864
CFR - Total	581.644	682.507	593.334

Note the MRP/VRP will include PFI/finance lease annual principal payments.

18. Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

Gross Borrowing and the CFR

19. In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the CFR in the preceding year (2020/21) plus the estimates of any additional capital financing requirement for the current (2021/22) and the next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure.
20. This indicator would allow the Council some flexibility to borrow in advance of its immediate capital needs in 2021/22.
21. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator. Following on from the under/over funding of the CFR, the table also details the Council's under borrowing position.

	2020/21 Actual £m	2021/22 Budget £m	2021/22 Actual £m
Gross borrowing position	336.157	456.926	408.557
CFR	581.644	682.507	593.334
(Under)/over funding of CFR	(245.487)	(225.581)	(184.777)
PFI Liability	68.957	62.568	64.502
(Under)/Over Borrowing	(176.530)	(163.013)	(120.275)

22. To illustrate the benefit of having an under borrowed position: if the Council was to externally borrow £120.275m (over 25 years at current PWLB rate of 2.69%), this would result in external annual interest costs in the order of £3.235m. The interest foregone on the use of internal funds would be £0.192m (based on current average interest rate of 0.16% as at 31/03/2022). This produces a net benefit of £3.043m.

Authorised Limit

23. The authorised limit is the affordable borrowing limit required by section 3 of the Local Government Act 2003. The limit is set based on the Operational Boundary allowing for unplanned and exceptional cash movements up to 2.5% above the Operational Boundary. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2021/22 the Council has maintained gross borrowing within its authorised limit.

Operational Boundary

24. The operational boundary is the expected borrowing position of the Council during the year. The Operational Boundary is set based on the CFR with additional capacity for day to day cashflow borrowing needs to allow for managing movements in cash. Periods when the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

	2021/22 £m
Authorised Limit	720.753
Maximum Gross Borrowing Position during the year	416.557
Operational Boundary	705.819
Average Gross Borrowing Position	346.747

Actual Financing Costs as a Proportion of Net Revenue Stream

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

	2021/22 %
Financing Costs as a Proportion of Net Revenue Stream – GF	5.80
Financing Costs as a Proportion of Net Revenue Stream – HRA	12.75

Treasury Position as at 31 March 2022

26. The Council's treasury management debt and investment position is organised by the treasury management team (within the Accountancy Team), in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices.

27. The Council's treasury position was as follows,

	31 March 2021			31 March 2022		
	Principal £m	Rate/ Return %	Average Life Years	Principal £m	Rate/ Return %	Average Life Years
Fixed Rate Funding						
PWLB	270.123	3.65	18.62	307.123	3.60	18.57
Market	61.000	4.37	37.57	61.000	4.37	36.57
Salix Funding	5.034	0.00	4.47	7.434	0.00	4.06
Variable Rate Funding						
PWLB	0.000	0.00	0.00	0.00	0.00	0.00
Market	0.000	0.00	0.00	0.00	0.00	0.00
Total Debt	336.157	3.78	20.00	408.557	3.67	19.66
Total Investments	142.452	0.23	0.22	219.529	0.16	0.23
Net Debt	193.705			189.028		

28. The maturity structure of the debt portfolio (in terms of percentages and absolute values) was as follows,

	31 March 2021 Actual £m	31 March 2022 Actual £m
Under 12 months	44.000	38.000
12 months and within 2 years	8.000	14.000
2 years and within 5 years	41.157	40.540
5 years and within 10 years	49.000	87.017
10 years and within 20 years	68.500	68.500
20 years and within 30 years	47.500	43.500

30 years and within 40 years	42.000	41.000
40 years and within 50 years	36.000	76.000
	336.157	408.557

	2021/22 Authorised Limits %		31 March 2022 Actual %	
	Upper Limit	Lower Limit	Next Call Date *	Contractual Maturity
Under 12 months	25.00	0.00	9.30	1.96
12 months and within 2 years	25.00	0.00	3.43	2.45
2 years and within 5 years	45.00	0.00	9.92	8.45
5 years and within 10 years	75.00	0.00	21.30	21.30
10 years and above	100.00	0.00	56.05	65.84

* the next call date is the date on which the lender has the right to redeem the loan. This affects five out of eight of our current market loans. In the current interest rate environment, a call is unlikely to happen as the rates payable on these loans are higher than the current prevailing market rates.

29. The structure of the investment portfolio was as follows,

	Actual 31 March 2021 £m	Actual 31 March 2021 %	Actual 31 March 2022 £m	Actual 31 March 2022 %
Treasury Investments				
Banks	60.000	42.12	114.700	52.24
Building Societies	0.000	0.00	10.000	4.56
Local Authorities	25.500	17.90	0.000	0.00
MMFs	41.977	10.51	69.840	31.81
Call Account	14.975	29.47	14.989	6.83
Local Authority Property Fund	0.000	0.00	10.000	4.56
Total Treasury Investments	142.452	100.00	219.529	100.00
Non-Treasury Investments				
Third Party Loans	10.944	77.60	10.303	47.83
Stone Circle Loan	3.160	22.40	11.240	52.17
Total Non-Treasury Investments	14.104	100.00	21.543	100.00
Treasury Investments	142.452	90.99	219.529	90.69
Non-Treasury Investments	14.104	9.01	22.543	9.31
Total - All Investments	156.556	100.00	242.072	100.00

30. The maturity structure of the investment portfolio was as follows,

Treasury Investments	Actual 31 March 2021 £m	Actual 31 March 2021 %	Actual 31 March 2022 £m	Actual 31 March 2022 %
Longer than 1 Year	0.000	0.00	10.000	4.56
Up to 1 Year	142.452	100.00	209.529	95.44
Total	142.452	100.00	219.529	100.00

Treasury Management Strategy 2021/22

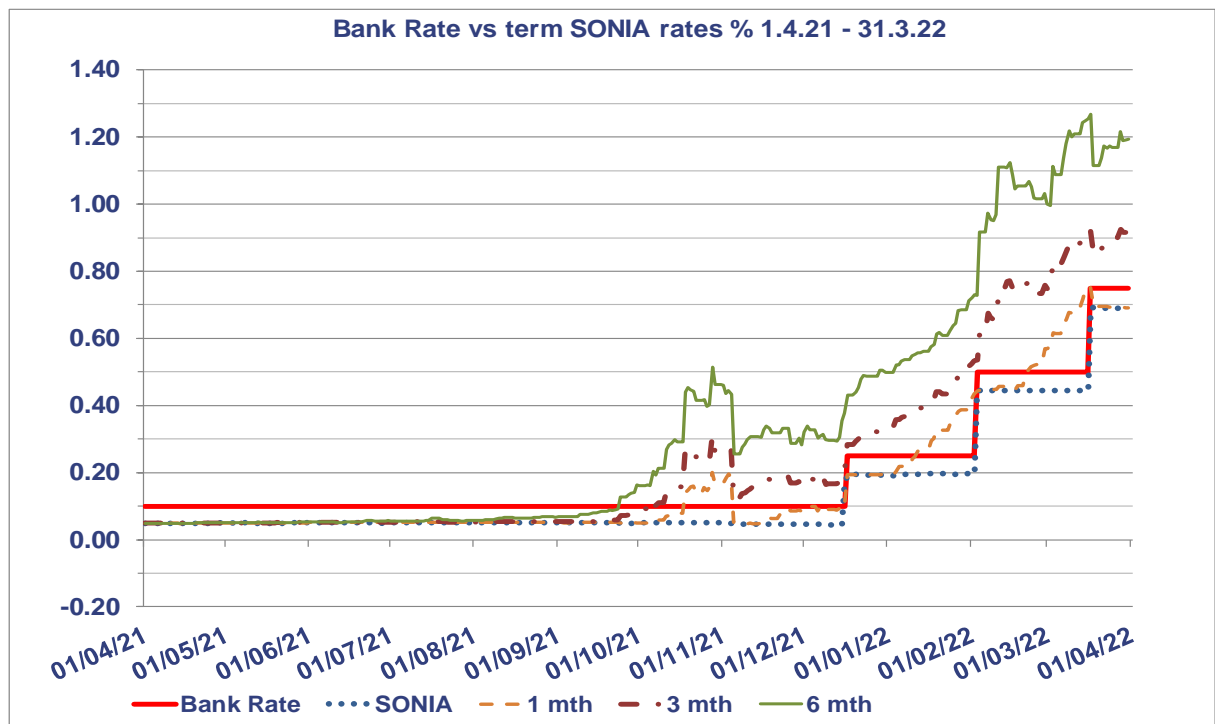
Investment Strategy and Control of Interest Rate Risk

31. The Council's 2021/22 Treasury Management Strategy set out that the investment benchmark used to assess the performance of its investment portfolio would be the LIBID rate (London Interbank Bid rate). The LIBID rate was linked to the London Inter-bank Offered Rate (LIBOR) which was only available until the end of December 2021, when all LIBOR setting ceased, and the rates were no longer available.

32. In sterling markets, the Sterling Overnight Indexed Average (SONIA) is the recommended replacement. SONIA is administered by the Bank of England, who take responsibility for its calculation and publication. It is based on actual transactions and reflects the average of the interest rates that banks pay to borrow overnight sterling from other financial institutions and other institutional investors.

33. The Bank of England Bank Rate and SONIA rates for 2021/22 were as follows

	Bank Rate	SONIA	1 Month	3 Month	6 Month
High	0.75%	0.69	0.75%	0.93%	1.27%
High Date	17/03/22	18/03/22	16/03/22	28/03/22	17/03/22
Low	0.10%	0.05%	0.05%	0.05%	0.05%
Low Date	01/04/21	15/12/221	10/11/21	14/04/21	09/04/21
Average	0.19%	0.14%	0.17%	0.24%	0.34%
Spread	0.65%	0.65%	0.71%	0.88%	1.22%



34. Investment returns remained close to zero for much of 2021/22. The Council managed to avoid negative interest rates, in part by taking advantage of the growth of inter local authority lending.
35. The expectation for interest rates within the treasury management strategy for 2021/22 was that Bank Rate would remain at 0.10% until it was clear to the Bank of England that the emergency level of rates introduced at the start of the Covid-19 pandemic were no longer necessary.
36. The Government supplied large amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates remained low until this calendar year, when inflation concerns indicated the Bank of England would need lift interest rates to combat the effects of growing levels of inflation.
37. While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.
38. Previously, investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. However, as additional borrowing

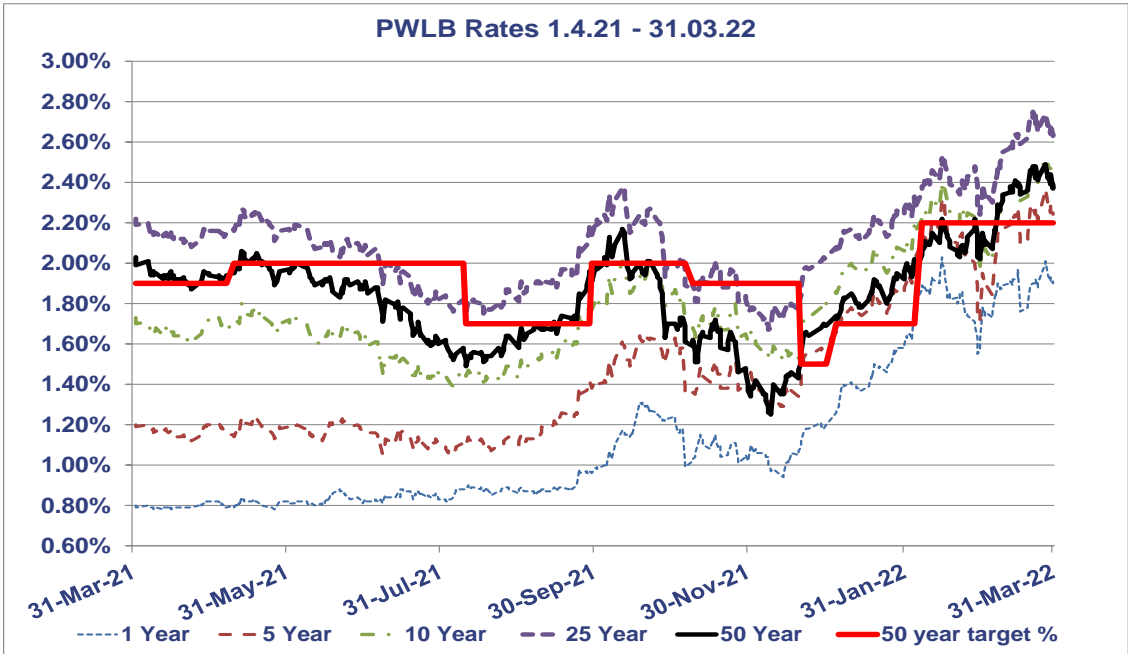
was taken towards the end of this financial year, there have been higher balances for investment, than in the previous financial year.

Borrowing Strategy and Control of Interest Rate Risk

39. During 2021/22, the Council maintained an under-borrowed position. This meant that the capital borrowing need (the CFR) was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. The strategy was prudent as investment returns were very low and minimising counterparty risk on placing investments also needed to be considered.
40. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this has remained under constant review to avoid incurring higher borrowing costs in the future when the Council may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt. The policy has allowed the Council to enter into long term borrowing arrangements, in order to secure lower rates of fixed debt to fund the Councils capital programme.
41. Against this background and the risks within the economic forecast, caution was adopted within the treasury operations. The treasury team monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks.
- If it had been felt that there was a significant risk of a sharp fall in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
 - However, it was anticipated that there was a significant risk of a rise in long and short term rates than initially expected, so the portfolio position was re-appraised. Fixed rate funding was drawn from the PWLB whilst interest rates were lower than they were projected to be in the next few years.
 - Borrowing of £80m was undertaken for the capital programme to support the planned activity with Stone Circle Housing and Development companies over the next eight years. Details of the new borrowing are shown in paragraph 49.
42. Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2021/22 and the two subsequent financial years, until the beginning of 2022, when inflation concerns increased significantly.

43. The following table and graph show a PWLB rates for range of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.

PWLB Rates	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2021	0.80%	1.20%	1.73%	2.22%	2.03%
31/03/2022	1.91%	2.25%	2.43%	2.64%	2.39%
Low	0.78%	1.05%	1.39%	1.67%	1.25%
Low Date	08/04/2021	08/07/2021	05/08/2021	08/12/2021	09/12/2021
High	2.03%	2.37%	2.52%	2.75%	2.49%
High Date	15/02/2022	28/03/2022	28/03/2022	23/03/2022	28/03/2022
Average	1.13%	1.45%	1.78%	2.10%	1.85%
Spread	1.25%	1.32%	1.13%	1.08%	1.24%



44. PWLB rates are based on gilt (UK Government Bond) yields, through HM Treasury determining a specified margin to add to them. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields.

45. Gilt yields fell sharply from Spring 2021 to September, and then spiked back up before falling again in December. However, by January, sentiment had changed, as markets became focussed on the embedded nature of inflation, spurred on by a broader opening of economies post the pandemic, and rising commodity and food prices.

46. There is likely to be a further rise in short dated gilt yields and PWLB rates over the next three years as Bank Rate is forecast to rise to 1.25% later this year.

47. Current margins over gilt yields are as follows,

- PWLB Standard Rate = gilt plus 100 basis points
- PWLB Certainty Rate = gilt plus 80 basis points
- PWLB HRA Standard Rate = gilt plus 100 basis points
- PWLB HRA Certainty Rate = gilt plus 80 basis points
- Local Infrastructure Rate = gilt plus 60 basis points

Borrowing Outturn

48. A summary of the Council's borrowing position is detailed at Appendix 1.

49. New general fund borrowing was undertaken during the year, to fund net unfinanced capital expenditure (to cover the planned activity with Stone Circle Housing and Development companies).

Pool	Lender	Principal £m	Type	Interest Rate %	Loan Term
General Fund	PWLB	20.000	Fixed Interest Rate Maturity	1.95	6 years
General Fund	PWLB	20.000	Fixed Interest Rate Maturity	1.98	7 years
General Fund	PWLB	20.000	Fixed Interest Rate Maturity	2.00	49 years
General Fund	PWLB	20.000	Fixed Interest Rate Maturity	2.00	50 years

50. Two naturally maturing loans were repaid during 2021/22 as follows,

Pool	Lender	Principal £m	Type	Interest Rate %	Loan Term
General Fund	PWLB	2.000	Fixed Interest Rate Maturity	4.33	11 years
HRA	PWLB	8.000	Fixed Interest Rate Maturity	2.4	10 years

Borrowing in Advance of Need

51. The Council has not borrowed more than, or in advance of its needs, purely to profit from the investment of the extra sums borrowed.

Debt Rescheduling

52. No debt rescheduling was undertaken during the year, as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

Investment Outturn

53. The Council's investment policy is governed by DULHC investment guidance, which has been implemented in the annual investment strategy approved by the Council on 2 February 2021. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data.
54. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.
55. The Council maintained an average balance of £197.779m of internally managed funds. The difference between the balances available for investment and the actual investments is due to the varying level of working capital (creditors, debtors and other long term liabilities) and internal borrowing.
56. In March 2022, the Council purchased £10m of units in the CCLA property fund. The fund is designed for local authorities seeking exposure to UK commercial property for longer term investments. The aim of this investment is to provide a higher level of investment income, together with long term capital appreciation.
57. There is a cost to enter the CCLA fund (of 6.32%), meaning that on entry the fund is valued at £0.632m less than the purchase price. This difference between the purchase price and the valuation, does not represent a cost to the Council, as it is not charged to the Council's revenue account, but held in a separate unusable reserve. This is due to an accounting directive (IFRS9) which over-rides general accounting practice, which otherwise would see the entry cost charged to revenue in the year in which it was incurred. IFRS9 is explained in further detail in paragraph 71.
58. The internally managed funds earned an average rate of 0.16%. The comparable performance indicator is the 90 day backward looking SONIA rate, which was 0.0875%.
59. The Council's total interest received from all investments for 2021/22 was £0.777m. The Council's budgeted investment return for 2021/22 was £0.200m, therefore forecast investment income (interest) for the year to date is £0.577 over achieved against budget. The interest received was higher than budgeted due to interest from

traded companies and Wiltshire College loans, and higher than forecast interest on the money market funds which has been increasing since January 2022. In addition to this, the Council had larger than anticipated cash balances on which interest was accrued in the last two months of the year, due to the £80m debt drawn down from the PWLB.

60. The position on interest income must be compared with external interest costs payable. The Council paid external interest costs (on both the general fund and the HRA debt) of £12.769m against a budget of £13.350m. This is a £0.581m underspend against budget. The underspend is due to a lower than anticipated level of HRA borrowing.
61. The net underspend in respect of interest receivable/payable, for both general fund and HRA, is £1.158m. This has been accounted for in the overall revenue outturn position for 2021/22.
62. A summary of the Council's investment position as at 31 March 2022 is detailed at Appendix 2.

Breach of Counterparty Limit – Leeds Building Society

63. As previously reported in the mid-term report, in September 2021, an investment was made with Leeds Building Society for £10.000m. According to the counterparty list provided by Link Asset Services, the suggested duration for Leeds Building Society at this time was 100 days. The duration of this investment was 110 days.
64. The intention for this investment was for a much shorter duration (45 days), however when the deal was due to be placed, Leeds Building Society reported that they had filled their cash requirement for this duration but would accept a deal with a longer maturity date.
65. This investment matured in January 2022, and was re-invested for two months, which is within the suggestion duration limit.
66. The risk of the above situation reoccurring will be mitigated through further automation of the daily dealing sheet (the spreadsheet used to record the daily cashflow activity), whereby an automated duration calculation is compared to the counterparty duration criteria.

Performance Measurement

67. One of the key requirements in the CIPFA Code of Practice is the formal introduction of performance measurement relating to investments, debt and capital financing activities. Whilst investment performance criteria have been well developed and universally accepted, debt performance indicators continue to be a more problematic area with the traditional average portfolio rate of interest acting as the main guide (table currently in paragraph 27).

68. The Council's current performance indicators were set out in the annual Treasury Management Strategy Statement 2021/22. However additional security and liquidity benchmarks will be investigated, developed and introduced for possible introduction for the next TMSS (2023/24).

Economic Background and Interest Rate Forecast

69. Over the last two years, the COVID-19 outbreak has had a significant detrimental impact on the economy of the UK and countries around the world. After the bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it was left unchanged until the rise to 0.25% in December 2021. However, since then, there have been three further rises, and Bank Rate now stands at 1.00%.

70. With most of the UK economy now opened up and nearly back to business-as-usual, the GDP numbers have been robust (9% y/y Q1 2022). This has been sufficient for the MPC to focus on tackling the second-round effects of inflation, now that the CPI measure has already risen to 6.2% and is likely to exceed 8% in April.

Other Issues – IFRS9 Fair Value of Investments

71. Following the consultation undertaken by the DLUHC on IFRS 9 the Government previously introduced a mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This was effective from 1 April 2018. The statutory override applies for five years from this date, until 1 April 2023. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.

72. This is relevant for the investment made with the CCLA (see paragraph 56 – 57). An investment for £10m was made, and the unrealised fair value of this investment at year end was £9.368m. The difference between the initial investment and any unrealised fair value will be held in an unusable reserve until such time that the investment is sold (realised) or the statutory over-ride no longer applies.

Overview & Scrutiny Engagement

73. Regular reports are taken to Overview & Scrutiny through the Financial Planning Task Group relating to the Council's financial position. This report will be considered by Financial Planning Task Group at their meeting on 8 July 2022.

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. 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.

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

80. In March 2022, the Council made an investment with Standard Chartered Bank, which was classified as a 'sustainable deposit'. The interest rate on the investment was 0.78%, which was in line with market interest rates. Standard Chartered Bank report that the deposit is linked to sustainability and the sustainable development goals of the UN, which focus on addressing global challenges such as poverty, inequality, and prosperity.

Risks Assessment

81. All investments have been at fixed rates during the period. The Council's current average interest rate on long term debt is 3.67%, which compares favourably with similar rates of other UK local authorities.

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

83. Investment counterparty risk is controlled by assessing and monitoring the credit risk of borrowers as authorised by the Annual Investment Strategy.

Financial Implications

84. These have been examined and are implicit throughout the report.

Workforce Implications

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

Legal Implications

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

Proposals

87. Cabinet is requested to:

- a) Note that the contents of this report are in line with the Treasury Management Strategy 2021/22 and to
- b) Recommend to Full Council consideration of this report.

Andy Brown

Corporate Director of Resources & Deputy Chief Executive (S.151 Officer)

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11 May 2022

Appendices

Appendix 1 Borrowing Portfolio

Appendix 2 Investment Portfolio

Borrowing Portfolio as at 31 March 2022

PWLB – HRA	Start Date	Maturity Date	Amount £m	Interest Rate %	Annual Interest £m
PWLB – HRA	28/03/2012	28/03/2023	8.000	2.56	0.205
PWLB – HRA	28/03/2012	28/03/2024	8.000	2.70	0.216
PWLB – HRA	28/03/2012	28/03/2025	8.000	2.82	0.226
PWLB – HRA	28/03/2012	28/03/2026	10.000	2.92	0.292
PWLB – HRA	28/03/2012	28/03/2027	8.000	3.01	0.241
PWLB – HRA	28/03/2012	28/03/2028	6.000	3.08	0.185
PWLB – HRA	28/03/2012	28/03/2029	7.000	3.15	0.220
PWLB – HRA	28/03/2012	28/03/2030	8.000	3.21	0.257
PWLB – HRA	28/03/2012	28/03/2031	2.000	3.26	0.065
PWLB – HRA	28/03/2012	28/03/2032	5.000	3.30	0.165
PWLB – HRA	28/03/2012	28/03/2033	6.000	3.34	0.200
PWLB – HRA	28/03/2012	28/03/2034	7.000	3.37	0.236
PWLB – HRA	28/03/2012	28/03/2035	2.000	3.40	0.068
PWLB – HRA	28/03/2012	28/03/2037	9.000	3.44	0.309
Total PWLB – HRA			94.000		2.885

PWLB – General Fund	Start Date	Maturity Date	Amount £m	Interest Rate %	Annual Interest £m
PWLB – General Fund	15/02/2010	01/06/2023	2.000	4.45	0.890
PWLB – General Fund	15/02/2010	01/06/2024	2.000	4.49	0.090
PWLB – General Fund	14/08/2001	01/12/2025	0.123	4.875	0.006
PWLB – General Fund	15/02/2010	01/06/2026	2.000	4.54	0.091
PWLB – General Fund	21/08/2002	01/06/2027	4.000	4.75	0.190
PWLB – General Fund	08/02/2022	01/02/2028	20.000	1.95	3.900
PWLB – General Fund	29/07/1999	01/06/2028	1.000	4.75	0.048
PWLB – General Fund	15/02/2010	01/06/2028	2.000	4.56	0.091
PWLB – General Fund	08/02/2022	01/02/2029	20.000	1.98	3.960
PWLB – General Fund	29/07/1999	01/06/2029	1.000	4.75	0.048
PWLB – General Fund	29/07/1999	01/06/2030	1.000	4.75	0.046
PWLB – General Fund	20/05/2005	01/06/2030	2.000	4.45	0.089
PWLB – General Fund	05/12/2005	18/03/2031	5.000	4.25	0.213
PWLB – General Fund	29/07/1999	01/06/2031	1.000	4.75	0.048
PWLB – General Fund	20/05/2005	01/06/2031	2.000	4.45	0.089
PWLB – General Fund	21/11/2005	18/09/2031	2.000	4.25	0.085
PWLB – General Fund	20/05/2005	01/06/2032	2.000	4.45	0.089
PWLB – General Fund	04/11/1999	01/12/2032	1.500	4.625	0.069
PWLB – General Fund	20/05/2005	01/06/2033	2.000	4.45	0.089
PWLB – General Fund	15/11/1999	19/09/2033	1.000	4.25	0.042
PWLB – General Fund	20/05/2005	01/06/2034	2.000	4.45	0.089

PWLB – General Fund	Start Date	Maturity Date	Amount £m	Interest Rate %	Annual Interest £m
PWLB – General Fund	15/11/1999	18/09/2034	1.000	4.25	0.043
PWLB – General Fund	21/11/2005	18/09/2034	5.000	4.25	0.213
PWLB – General Fund	14/06/2005	14/06/2035	5.000	4.35	0.218
PWLB – General Fund	15/11/1999	18/09/2035	1.000	4.25	0.043
PWLB – General Fund	21/11/2005	18/09/2035	5.000	4.25	0.213
PWLB – General Fund	15/11/1999	18/09/2036	0.500	4.25	0.021
PWLB – General Fund	15/11/1999	18/09/2036	0.500	4.25	0.021
PWLB – General Fund	11/01/2006	01/12/2037	4.000	4.00	0.160
PWLB – General Fund	11/01/2006	01/12/2038	4.000	4.00	0.160
PWLB – General Fund	15/02/2010	01/06/2041	2.000	4.57	0.091
PWLB – General Fund	11/08/2006	01/12/2041	3.000	4.35	0.131
PWLB – General Fund	15/02/2010	01/06/2042	2.000	4.57	0.091
PWLB – General Fund	11/08/2006	01/12/2042	2.000	4.35	0.087
PWLB – General Fund	11/08/2006	01/12/2043	2.000	4.35	0.087
PWLB – General Fund	06/09/2006	01/12/2044	3.000	4.25	0.128
PWLB – General Fund	06/09/2006	01/12/2045	3.000	4.25	0.128
PWLB – General Fund	29/06/2006	18/09/2046	4.000	4.45	0.178
PWLB – General Fund	30/08/2006	01/12/2046	2.000	4.25	0.085
PWLB – General Fund	29/06/2006	18/09/2047	4.000	4.45	0.178
PWLB – General Fund	30/08/2006	01/12/2047	2.000	4.25	0.085
PWLB – General Fund	09/10/1998	18/09/2048	1.000	4.50	0.045
PWLB – General Fund	29/06/2006	18/09/2048	3.500	4.45	0.156
PWLB – General Fund	30/08/2006	01/12/2048	2.000	4.25	0.085
PWLB – General Fund	09/10/1998	18/09/2049	1.000	4.50	0.045
PWLB – General Fund	29/06/2006	18/09/2049	3.000	4.45	0.134
PWLB – General Fund	30/08/2006	01/12/2049	2.000	4.25	0.085
PWLB – General Fund	30/08/2006	01/06/2050	5.000	4.25	0.213
PWLB – General Fund	17/09/1998	18/09/2050	1.000	5.125	0.051
PWLB – General Fund	17/09/1998	18/09/2051	1.000	5.125	0.051
PWLB – General Fund	07/03/2007	01/06/2052	2.000	4.25	0.085
PWLB – General Fund	23/07/1998	03/06/2052	1.000	5.50	0.055
PWLB – General Fund	07/03/2007	01/06/2053	2.000	4.25	0.085
PWLB – General Fund	23/07/1998	02/06/2053	1.000	5.50	0.055
PWLB – General Fund	19/06/1998	01/06/2054	1.000	5.375	0.054
PWLB – General Fund	19/06/1998	01/06/2055	1.000	5.375	0.054
PWLB – General Fund	21/06/2006	01/06/2055	2.000	4.30	0.086
PWLB – General Fund	22/06/2006	18/09/2055	4.000	4.35	0.174
PWLB – General Fund	19/06/1998	01/06/2056	1.500	5.375	0.081
PWLB – General Fund	21/06/2006	01/06/2056	3.000	4.30	0.129
PWLB – General Fund	22/06/2006	01/06/2056	6.000	4.35	0.261
PWLB – General Fund	02/10/1997	25/09/2057	1.500	6.625	0.99
PWLB – General Fund	12/03/2019	13/03/2063	10.000	2.36	0.236
PWLB – General Fund	12/03/2019	13/03/2064	10.000	2.36	0.236

PWLB – General Fund		Maturity Date	Amount £m	Interest Rate %	Annual Interest £m
	Start Date				
PWLB – General Fund	12/03/2019	13/03/2065	10.000	2.36	0.236
PWLB – General Fund	08/02/2022	01/03/2071	20.000	2.00	4.000
PWLB – General Fund	08/02/2022	01/01/2072	20.000	2.00	4.000
Total PWLB - General Fund			246.123		8.335

Market Loans		Maturity Date	Amount £m	Interest Rate %	Annual Interest £m
Lender	Start Date				
Barclays Bank	03/12/2004	03/12/2054	10.000	4.45	0.445
FMS Wermanagement	07/12/2004	08/12/2053	10.000	4.45	0.445
Depfa Deutsche Pfandbriefbank	10/12/2004	10/12/2052	10.000	4.45	0.445
Dexia Credit Local	10/12/2004	11/12/2051	10.000	4.45	0.445
Barclays Bank	31/08/2005	31/08/2055	5.000	3.99	0.200
Dexia Credit Local	20/02/2006	18/02/2066	6.000	4.45	0.267
Beyern LB	05/03/2007	07/03/2067	4.000	4.2	0.168
Barclays Bank	31/07/2007	01/08/2067	6.000	4.21	0.253
Total – Market Loans			61.000		2.667

Salix Loans		Maturity Date	Amount £m	Interest Rate %	Annual Interest £m
Lender	Start Date				
SALIX1	22/11/2019	01/04/2025	0.723	0.00	0.000
SALIX2	02/03/2020	02/03/2026	3.693	0.00	0.000
SALIX3	01/07/2021	01/07/2027	3.017	0.00	0.000
Total – Salix Loans			7.433		0.000

Loan Summary	Amount £m	Annual Interest £m
PWLB – HRA	94.000	2.667
PWLB – General Fund	246.123	8.335
Market Loans	61.000	2.885
Salix Loans	7.433	0.00
Total – All Loans	408.556	13.887

* Annual interest = Total amount of annual interest payable per loan outstanding as at 31 March 2022.

This will not equal the amount of interest paid during 2021/22 – as the total loan portfolio has changed during the year.

Investment Portfolio as at 31 March 2022 (compared to the counterparty list)

Counterparty	Amount £m	Interest Rate %	Start Date	Maturity Date	LAS Credit Rating **
Australia and New Zealand Banking Group	10.000	0.28	08/10/2021	08/04/2022	Orange – 12 Months
Landesbank Hessen-Thuringen	10.000	0.47	20/10/2021	20/04/2022	Orange – 12 Months
First Abu Dhabi Bank PJSC	10.000	0.28	08/11/2021	09/05/2022	Orange – 12 Months
Close Brothers	10.000	0.40	25/11/2021	25/05/2022	Red – 6 Months
Qatar National Bank	10.000	0.765	20/01/2022	20/07/2022	Red – 6 Months
Goldman Sachs	10.000	0.83	03/02/2022	03/08/2022	Red – 6 Months
Landesbank Baden-Wuerttemberg	10.000	0.75	18/02/2022	18/05/2022	Red – 6 Months
Yorkshire Building Society	10.000	0.49	23/02/2022	23/05/2022	Green – 100 Days
Standard Chartered Bank	10.000	0.78	04/03/2022	07/06/2022	Red – 6 Months
Sumitomo Mitsui Banking Corporation Europe Ltd	10.000	1.10	15/03/2022	15/06/2022	Red – 6 Months
National Bank of Kuwait	10.000	1.00	16/03/2022	16/06/2022	Red – 6 Months
DBS Bank Ltd	10.000	1.53	23/03/2022	23/09/2022	Orange – 12 Months
HSBC Overnight Account	4.700	0.54	31/03/2022	01/04/2022	Orange – 12 Months
Handelsbanken plc (Call Account)	14.989	0.65	*	35 Days Notice	Orange – 12 Months
Federated Money Market Fund	0.005	0.35	*	*	AAA
Goldman Sachs Money Market Fund	29.914	0.47	*	*	AAA
Aberdeen Investments Liquidity Fund	10.811	0.36	*	*	AAA
BNP Money Market Fund	29.110	0.40	*	*	AAA
Total	209.529				

Long Term Investment Portfolio as at 31 March 2022

Counterparty	Amount £m	Dividend Rec'd *** £m	Start Date	Current Valuation £m	Notes
CCLA – Property Fund	10.000	0.000	31/03/2022	9.368	Current valuation unrealised – no impact on revenue
Total	10.000	0.000		9.368	

* Money Market Funds/Call Account – cash can be invested and withdrawn on a daily basis (subject to maximum investment limits) so there is no start date or maturity date for the purposes of this report.

** Link Asset Services provide a creditworthiness service, which employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- a) credit watches and credit outlooks from credit rating agencies;
- b) CDS spreads to give early warning of likely changes in credit ratings;
- c) sovereign ratings to select counterparties from only the most creditworthy countries.

This 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:

- a) Yellow – 5 years (this category is for AAA rated Government debt or its equivalent, including an investment instrument – collateralised deposits, where the investment is secured only against local authority debt, namely LOBOs, making them effectively government exposure);
- b) Dark pink – 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.25
- c) Light pink – 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
- d) Purple – 2 years;
- e) Blue – 1 year (only applies to nationalised or semi nationalised UK Banks and their subsidiaries);
- f) Orange – 1 year;
- g) Red – 6 months;
- h) Green – 100 days; and
- i) No Colour – not to be used.

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

*** Dividends received quarterly. Due to the timing of the investment, first dividend to be received at the end of June 2022.

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Wiltshire Council

Cabinet

12 July 2022

Subject: UK Shared Prosperity Fund Investment Plan

Cabinet Member: Cllr Richard Clewer – Leader of the Council and Cabinet Member for Climate Change, MCI, Economic Development, Heritage, Arts, Tourism and Health & Wellbeing

Key Decision: Key

Executive Summary

In April 2022 Government published its UK Shared Prosperity Fund (“UKSPF”) prospectus, requesting Local Authorities prepare Investment Plans to set out how they will invest allocations.

The government indicated its allocation of £5.7m UKSPF to Wiltshire Council on the basis of submission of a coherent Investment Plan describing investments and local actions made in support of the government’s Levelling-Up agenda for the 2022-2025 period.

Guidance published by government encourages Local Authorities to align local outcomes with their Levelling-Up missions, to consider how actions will improve the principal Levelling-Up objectives for productivity and well-being, and to prioritise interventions to achieve these objectives. The Economic Development service will author an Investment Plan for submission to DLUHC at the end of July 2022.

The UKSPF provides a menu of interventions and objectives that local areas are to prioritise local actions to deliver the Levelling Up Missions in the area. Wiltshire Council’s Business Plan sets out the Council’s vision and commitment for the area over coming years, and ably articulates its Levelling-Up agenda for Wiltshire. The Business Plan provides both an overall direction of travel, and provides some detail on actions to be taken.

Government has set out its priorities for UKSPF which should frame our investments thematically and provide context to help policymakers understand the attributes of proposed actions. The Investment Plan will set out how the Levelling-Up outcomes for improved Productivity and Well-Being will be achieved under the four objectives and three USKPF priority themes of; Community & Place, Supporting Local Business and People & Skills. An expenditure plan linked to outputs and results from the local delivery will be included.

The UKSPF Investment Plan must present a coherent package of Levelling-Up beneficial and impactful investments. Through a staged delivery process, this will ensure Council has acted responsibly in its leadership role on Levelling-Up.

Proposal(s)

That Cabinet:

- Considers the proposed priorities for the UKSPF Investment Plan and the process for identifying interventions.
- That Cabinet delegates authority for the Leader of the Council, Chief Executive and S151 Officer to finalise and submit the Investment Plan.
- That Cabinet delegates responsibility for the production of UKSPF Investment Plan, and implementation of the identified works within the Plan to the Corporate Director for Place.

Reason for Proposal(s)

To agree the priorities and a coherent approach to the UK Shared Prosperity Fund and authorise submission of the Investment Plan

Terence Herbert
Chief Executive

Wiltshire Council

Cabinet

12 July 2022

Subject: UK Shared Prosperity Fund Investment Plan

Cabinet Member: Cllr Richard Clewer – Leader of the Council and Cabinet Member for Climate Change, MCI, Economic Development, Heritage, Arts, Tourism and Health & Wellbeing

Key Decision: Key

Purpose of Report

The purpose of this report to:

- (i) Provide an outline of the rationale and priorities for UKSPF in Wiltshire
- (ii) Outline the steps and key features of the Wiltshire Council UKSPF Investment Plan

Relevance to the Council's Business Plan

1. The UKSPF is intended by government to deliver local Levelling-Up actions, and these will be led by Wiltshire Council.
2. The Wiltshire Council Business Plan 2022-2031 sets out the Council's vision and commitment for the area over coming years, and ably articulates its Levelling-Up agenda for Wiltshire.
3. In devising and delivering its UKSPF Investment Plan, the Council will be able to take forward a number of aims of the Business Plan where the UKSPF prospectus indicates these are appropriate, relevant and eligible investments.
4. The delivery of the UKSPF programme helps meet the priorities of the Council's Business Plan 2022-32, including:
 - 4.1. Empowered People
 - 4.2. Resilient Society
 - 4.3. Thriving Economy
 - 4.4. Sustainable Environment

Background

5. Wiltshire has been conditionally allocated £5.731m from the UKSPF from April 2022 to March 2025.
6. Use of the funding is subject to the agreement of an Investment Plan with Government. The Investment Plan will select from a menu of interventions that been provided to support local areas addressing specific challenges to their areas.

7. The Investment Plan will set out the local outcomes based on Wiltshire Council's Business Plan which aligns with government's Levelling-Up agenda. The Plan will identify which interventions, alongside a plan and budget for delivery against each, will be prioritised with the aim of taking forward the local Levelling-Up agenda.
8. The Investment Plan must be supported by a local partnership which includes Voluntary and Community sector organisations (VCS), public sector organisations, private businesses, business support organisations and MPs. In this initial stage, the Wiltshire Public Services Board will oversee and sponsor the Plan.
9. The UKSPF is intended to support the UK government's wider commitment to level up all parts of the UK by delivering on each of the levelling up objectives:
 - Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging
 - Spread opportunities and improve public services, especially in those places where they are weakest
 - Restore a sense of community, local pride and belonging, especially in those places where they have been lost
 - Empower local leaders and communities, especially in those places lacking local agency
10. The UKSPF has identified 3 investment priorities:
 - Community and Place
 - Supporting Local Business
 - People and Skills
11. These themes relate to a number of Missions, with the overarching mission for this fund being: Levelling Up White Paper Mission 9: By 2030, pride in place, such as people's satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between the top performing and other areas closing.
12. This paper sets out the main considerations for the Investment Plan for approval and agreement, including the prioritisation of outcomes, the delivery scenarios, the proposed partnership governance and the deliverability considerations.

Main Considerations for the Council

The UKSPF Investment Plan

13. The Council is required to submit a coherent and logical UKSPF Investment Plan, which amongst other things will establish the vision for UKSPF based on achieving a set of outcomes which are based on missions in Business Plan. The outcomes will come from across the four Business Plan themes for empowering people, enabling vibrant communities, supporting a thriving economy and leading on climate change challenges, as all relate to the objectives of the UKSPF.
14. The UKSPF investment plan will be constrained, both by the financial limits which will necessitate prioritising outcomes, but also as government has explicitly

targeted towards delivering its Levelling-Up Missions 1, 2, 6, 7, 8 and 9. This means that UKSPF could not be used to invest in broadband or mobile communications infrastructure or higher level skills more widely even if that was the most beneficial and impactful activity the Council could suggest to level-up remote rural settlements

Developing Outcomes

15. To determine the local UKSPF outcomes, officers have considered input from the Business Plan, as it articulates the Council's aims over the next decade and aligns with the Levelling Up Missions. The scope and local allocation of UKSPF will not deliver the entirety of the aims, so the Investment Plan must prioritise which outcomes will be prioritised using UKSPF funds.
16. To determine which outcomes should be prioritised, officers have considered the local evidence of need and opportunity, and how this relates to the objectives of the UKSPF.
17. Officers have then considered further evidence regarding the types of programme needed that can respond to the local evidence and UKSPF objectives. The Swindon and Wiltshire Local Economic Assessment highlights a number of things which are relevant to the UKSPF and which should be highly influential to the Investment Plan. These are included at Appendix A.

Visions and scenarios

18. Given the need to prioritise outcomes, this report articulates the direction of travel for UKSPF for agreement in order to finalise an Investment Plan which aligns with the Business Plan, responds to evidence and follows the local priorities and desired outcomes.
19. In order to help decision-makers to envisage and agree the programme, a small number of scenarios were designed to help the process of prioritisation. These were assessed by stakeholders including with the Public Service Board on 15th June.
20. The scenarios involved setting out the differently scoped programme of activities which could be funded by UKSPF. The four scenarios described were:
 - Levelling-Up Neighbourhoods Focus
 - Helping people left behind in Wiltshire
 - Local Programme for Growth
 - Town Centre focused programme
21. The scenarios exercise considered different geographies, sectors, priorities and emphasis that show UKSPF as a versatile fund that could play a different various roles for Levelling-Up, but that without agreement investing UKSPF would be dependent on the ongoing and competing priorities the Council has to deal with daily, and there would be little coherence.
22. Stakeholders reflected that each scenario had its merits and that a blend from across the four examples was most likely to meet the wide-ranging priorities in Business Plan. There was also a steer towards balancing more immediate measures that will have an effect in the next 18 months as the business and

consumers face high inflation, cost pressures and potentially recession, with more strategic interventions which will take longer to take affect and return investment to the wider economy.

23. In conclusion, stakeholders felt that an approach which combined a number of aspects from each of the scenarios would be more equitable to businesses and residents and strike the right balance between dealing with immediate challenges and structural issues.

Competing Priorities

24. Officers have considered the balance between longer-term investments made for Levelling-Up which respond to the need to improve social, physical, financial and institutional capital with more immediate and near-term measures that tackle cost pressures and oncoming recession.
25. It is also clear that the current 'cost of living' issues are critical to economic growth, and this will be a relevant concern for UKSPF prioritisation where no other interventions are apparent, but the need is urgent. However, all investments will need to show how they contribute to the UKSPF outcomes, so that they are working towards the shared aims on Levelling-Up in the county.
26. The government's Levelling-Up agenda is underpinned by a theory of change which relies on UKSPF and other funds to improve the main drivers of economic growth and social outcomes, including personal well-being. The main drivers are described as *six capitals*: physical, intangible, human, financial, social and institutional capital. The theory is that by improving these at a local and regional level, in myriad ways, spatial and other disparities will be overcome and places will be *the best that they can be*.
27. In Wiltshire, we should seek to balance the competing priorities that have been illustrated by the scenarios as strategic Levelling-Up needs of people and places, with more immediate concerns on poverty, deprivation and financial hardship.

Business Plan and Outcomes

28. The UKSPF Investment Plan should strive for measurable Outcomes which can demonstrate achievement of Business Plan aims and UKSPF objectives. Analysis shows the Business Plan aims most aligned with UKSPF are:
- We have the right skills to prosper
 - We have vibrant, well-connected communities
29. These Business Plan missions are most relevant in terms of a read across to the UKSPF objectives and Levelling-Up missions. To a lesser extent the Business Plan mission for *We are on the path to carbon neutral (net zero)* is relevant to UKSPF and it is possible for other outcomes, particularly *We ensure decisions are evidence-based* given that the Levelling-Up agenda is partly about empowering communities.

Priority Activities for UKSPF In Wiltshire

58. The Investment Plan will set out our portfolio of proposed activities which will deliver interventions that create outputs, and taken together achieve the local outcomes.

59. There are three UKSPF priority themes - Community & Place, Supporting Local Business and People & Skills - which guide the emphasis and approach of the programme. There is no mandate from government to spend against each theme, with instruction for UKSPF to respond to local needs. A balanced programme based on diverse outcomes would require activities from each of the UKSPF Priority Themes.
60. A spend plan linked to outputs and results from the local delivery will be included in the Investment Plan, (see below for more detail) but typically outputs will be technical, looking at what is realistic in terms of the funds inputted and the types of measures that UKSPF has set out in guidance. Government has devised templates to capture this information, which will be available for the final sign-off of the Investment Plan.
61. When determining outputs, the Council should contract projects and delivery bodies to count both the mandated UKSPF outputs and any metrics which contribute to the Business Plan performance indicators.
62. Whilst there is an ongoing process of development to determine and confirm the desired Outcomes from UKSPF, a draft plan of activities is set out below .

Outcome flowing from Business Plan	Activity name	Activity description and rationale for intervention
Community & Place		
Residents are helped to maximise their income and reduce the [energy] cost of running their homes – reducing the number of people in fuel poverty in Wiltshire.	<i>Tackling fuel poverty</i>	Expand existing Wiltshire Warm & Safe programme, increase capacity to do more, increase capital grants for energy efficiency and local renewables. Link to green skills and construction skills to ensure deliverable and growth oriented.
Communities have been empowered to act in their local area [for Levelling-Up]	<i>Levelling-Up Community Fund</i>	Create delegated funds for neighbourhoods with significant deprivation (or using other proxies), and set-up community panels to make small grants that deliver Levelling-Up objectives for well-being and productivity in neighbourhoods. Designed to increase community participation, working together, local responsibility and activism, improving civic pride, participation and social inclusion.
Supporting Local Business		
There has been growth of business activity in the health and life sciences, defence technologies, cyber industries, military, research and development and advanced manufacturing sectors.	<i>Manufacturing fit for future</i>	Help for local and smaller manufacturers, ranging from low value food and drink firms to high potential life sciences start-ups. Advice would be wide ranging, including investment-readiness, innovation and R&D capable, and are moving towards net-zero processes and production. The aim would be for a strong, resilient and productive local manufacturing base, able to grow in transition from Single Market.
[Private sector] investment has been attracted into Wiltshire's communities.	<i>Invest in Wiltshire</i>	Supporting inward investment and foreign-direct investment in the area, alongside existing employers. Focusing on appropriate premises, perhaps including workforce planning, action on energy and resource efficiency, and linking to wider help through Swindon and Wiltshire Growth Hub.

<p>Further Education [and other Training] providers are addressing the skills gaps and supporting our industries [particularly on green skills].</p>	<p><i>Green Skills for net zero economy</i></p>	<p>The LEA points to the critical growth from ‘green’ goods and services, but new skills are required, and many need to be reskilled if the area is to benefit from the growth. It appears that Green-skills fit for a decarbonised economy should be the focus of both pre-recruitment and employee skills support.</p>
<p>Rural businesses have workspaces and business units situated in rural communities.</p>	<p><i>The right business environment</i></p>	<p>Identifying suitable employment land and sites to bring forward for development in rural areas, so that rurally-based businesses have the right buildings, infrastructure and services to prosper in business and create employment close to rural settlements. This should also include making business locations net zero (buildings and travel).</p>
<p>People & Skills</p>		
<p>Disadvantaged residents are supported to improve their confidence, knowledge and skills for learning and employment opportunities. More adults with learning difficulties were helped to develop the [employability] skills they need to live independently</p>	<p><i>Promoting Social Inclusion</i></p>	<p>A service that wraps-around people most in need of help to move from being inactive or long-term unemployed to being more employable and resilient. With help on basic skills (including part-delivery of the Multiply scheme), help on physical and mental health, and with moving to post-addiction, poor health, ex-offending or resettlement, and towards healthy-lives and financial inclusion.</p>
<p>More adults with learning difficulties were helped to develop the [employability] skills they need to live independently Schools, colleges and businesses work together to increase opportunities for young people.</p>	<p><i>Sustaining Work</i></p>	<p>Scheme to help businesses recruit people who have been workless or inactive and need help as new employees. The aims would include building confidence of employers to recruit more widely from the community, help with costs of traineeships, work trials or internships, and extending the support to existing employees with aim of better mental health throughout the working population. There could be a focus on local sectors which are struggling with recruitment, such as health, education, social care, hospitality and other larger employers</p>

<p>Local businesses have been supported and spend in the local economy has increased.</p> <p>There has been growth of business activity in the health and life sciences, defence technologies, cyber industries, military, research and development and advanced manufacturing sectors.</p>	<p><i>Start-up and Entrepreneurialism</i></p>	<p>The local economy benefits from new vibrant start-up businesses in terms of investment in capital, assets and infrastructure, but for some people commencing self-employment is a transformative route towards a regular income and financial stability. As the economy changes, fostering entrepreneurialism is required for new employment, and new services – often digital-based. Start-up support might follow a thematic approach with people ‘left-behind’ and who may be more at disadvantaged in labour market given more intensive support.</p>
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Implementation

63. Council will submit the Investment Plan to Government before the end of July, and it is expected that a 'go ahead' will be given by mid-September 2022.
64. A programme of activity will only commence after this signal from Government which will reduce any current financial risk to zero.
65. Implementation of UKSPF will be managed locally, with Council services drawn together by Economic Development to ensure UKSPF investments complement other initiatives and provide additional benefits. The Council will rise to the challenge of weaving UKSPF with Levelling-Up funds and other public schemes, such as Local Skills Partnerships, UKRI and Growth Hub and work within the ongoing context of the government's funding simplification review.
66. From October 2022, Council officers will commence the investments by making a number of calls for projects, as well as considering commissions and partnership actions. The *de facto* route to market is for grants awarded to contracted delivery bodies. However, the Council is able to commission itself to deliver the work, and perhaps in doing so build and lead a delivery partnership. The Council will also be able to procure services where it is appropriate for a profit to be derived from delivering services.
67. A grant-aided project would be required to make a claim showing expenditure and performance to receive grant funds, usually paid in arrears and covering all pre-agreed costs as set out in a contract offered by the Council. A procured service would be required to demonstrate performance, but would not need to show expenditure. The financial and reputational risks for the delivery body are therefore different and this will need to be considered as plans are implemented through calls, commissions and tenders.
68. The plans could also include delegating funds to neighbourhoods in order for the neighbourhoods to benefit from Levelling-Up – as set out in the first scenario – by providing funds that encourage community activism and collective actions on measures that improve well-being and / or Productivity. These funds would be managed differently as they would be primarily responsible for performance of interventions in target neighbourhoods. Design could be either:
 - for the neighbourhood group to determine which measures are to be financially supported and the Council awarding grants and contracts to each delivery organisation, or
 - for the Council to openly select a body to hold delegated funds and award contracts to delivery organisations as determined by neighbourhoods.
69. In each of these routes to market there will be advantages both for Council in terms of efficiency and effectiveness, and for the delivery organisation in terms of financial risk, cost pressures and cost recovery. It is clear from experience of EU Structural Funds that helping people furthest from the labour market requires full costs to be recovered, rather than payment by results, since there is a lot of lead-in and unregulated learning work which does not lead directly to outputs, such as progressing into work. The cohorts of people who are inactive,

are by definition, more difficult and more costly to help back into social and financial inclusion.

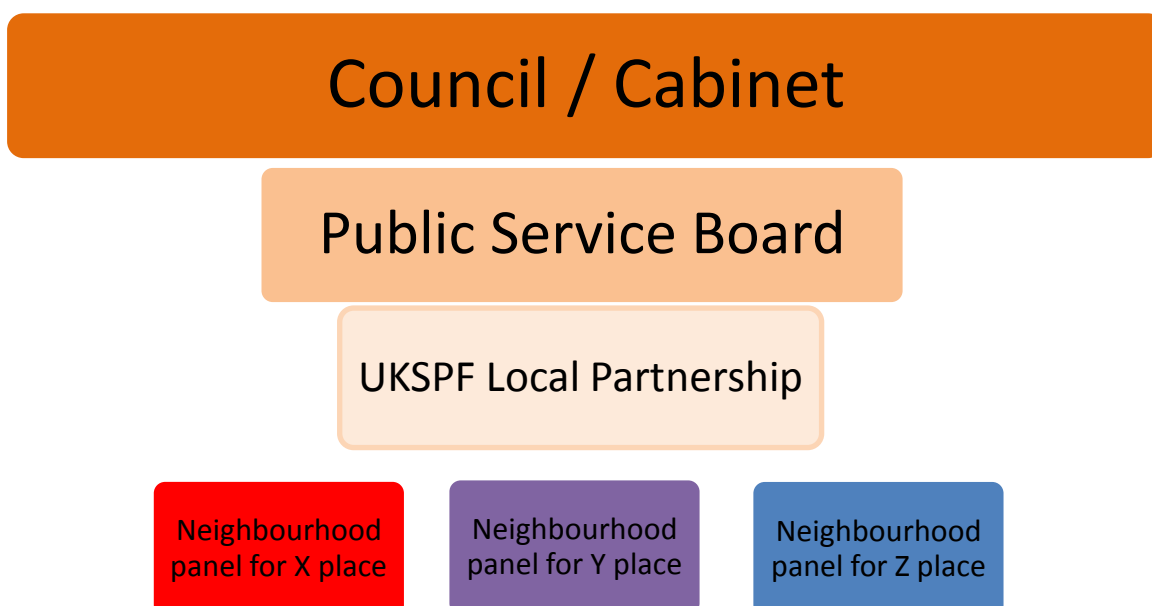
70. The process for selecting and deciding which delivery organisation are awarded contracts will be part of the overall governance package for UKSPF.

Governance

71. Governance is intended to be blended into existing Council structures.

72. The Investment Plan has been sponsored by Wiltshire Public Services Board, which will provide input from senior officers in partner organisations such as fire, police, NHS, DWP, Army, the Local Enterprise Partnership and the VCS. Strategic direction and ratification will continue to be provided by Council leadership. Local MPs will also be requested to comment on the plan and its fit with the government's wider Levelling-Up agenda.

73. A draft schematic showing the governance arrangements might follow along these lines but await technical guidance expected in July 22:



74. Guidance states that a UKSPF Local Partnership is required, though the amount of business it does will be limited by the UKSPF allocation. It is felt that with a small number of additional members, the Public Service Board could constitute a UKSPF Local Partnership. It is likely that it would need to meet separately, or as an adjunct to the Public Service Board, with a separate or amended terms of reference.

75. Given the demands of selecting delivery bodies following an application process or invitation to tender, it is likely that the UKSPF Local Partnership members will want to set up a smaller decision panel constituted with people who have the time and expertise to scrutinise a technical appraisal.

76. Spending decisions would be taken on a reading of a technical appraisal of full application, alongside consideration of deliverability, design of scheme, strategic fit of scheme with wider UKSPF and Levelling-Up agenda, contribution to UKSPF outcomes and other important considerations, including Public Sector Equality Duty.

77. Furthermore, if the Council is minded to set-up neighbourhood funds for Levelling-Up in a small number of places, the decision-making panels and governance structure would sit within the overall structure so that management, performance, reporting and evaluation remained part of UKSPF programme in Wiltshire.

78. The Economic Development service will ensure UKSPF is a compliant and well-managed programme and provide management of UKSPF funds, performing project development, contractual, compliance, monitoring and reporting functions. This will involve:

- taking forward the agreed decisions of the Local Partnership on selecting applications
- providing a secretariat for the Local Partnership and other UKSPF structures
- leading operational actions with services; eg; legal, communications and finance
- publicising the funds and providing technical assistance to potential applicants#
- promoting schemes, driving delivery into partnerships and embedding referral routes
- providing assurance, compliance, monitoring and expenditure claim processes
- reporting to government, Public Service Board and sharing data on performance

79. Finance colleagues will need to recognise UKSPF and ring-fence these funds whilst working with Economic Development colleagues to ensure payment of grant and reporting to government.

80. The UKSPF allows up to 4% of the local allocation as a resource for lead local authorities to support the compliant and effective operation of the programme. These funds, amounting to just under £230k should be used to support the team required to run the programme. In turn this will underpin delivery across other programmes, such as Wiltshire Towns Programme, Future High Streets Fund, and other funding which becomes available, such as the anticipated Defra funded programme. It will also support the Multiply programme, which will run alongside UKSPF providing a range of numeracy skills support for those without basic maths.

Delivery plan - Expenditure and Programming

81. In its UKSPF prospectus, the government profiled the local expenditure of UKSPF in Wiltshire as:

Year 1 - 2022-23	Year 2 - 2023-24	Year 3 - 2024-25
15%	27%	58%
£859,722	£1,547,500	£3,324,260

82. The prospectus sets out a few constraints on expenditure, including:
- Capital spend accounting for a minimum of 10% for year 1, raising to 20% for year 3.
 - A bar on skills-based initiatives until year 3, albeit with one major exception.
83. UKSPF investments will need to provide new benefit and no overlap with existing provision, particularly that provided under the ESIF programme. For this reason, government is not expecting any UKSPF expenditure on skills provision in years 1 and 2, as some European Social Fund (ESF) projects will be delivering services up until mid-2023, such as Get Ahead skills programme for people under-25 led by Wiltshire College.
84. However, the government has pointed out that where ESF provision ends in year 1, and there is an extant project led by voluntary or community sector organisation, which itself could deliver interventions that contribute towards local outcomes for Levelling-Up, UKSPF Investment Plans should explicitly set out the rationale for expenditure on skills provision, to enable UKSPF expenditure in year 1 and 2. In Wiltshire, the Building Bridges project has been funded by The National Lottery and ESF since 2017, operated by a wide and diverse partnership, and led by Community First is in the category.
85. The Building Bridges project provides a multi-agency service, including teams from both Wiltshire Council and Swindon Borough Council, which wraps-around people most distant from labour market, usually with multiple barriers to gaining employment, and helps them become more employable, leading to social and financial inclusion. Evidence shows delivery is concentrated in areas with identifiable levels of deprivation, though the partnership helps people scattered across the area and Building Bridges could play a significant role in helping people under the local Levelling-Up agenda. It is noted that the partnership and its services took a lengthy period to come together and this is thought to be among the reasons why government has signalled that these types of projects can draw on UKSPF in years 1 and 2. Starting another Building Bridges project in 2024 makes no sense to either the government or local Levelling-Up plans.
86. Building Bridges should be considered alongside the other extant programme - Warm and Safe - as early expenditure in year 1. Both schemes would need to 'reset' to refocus on new and specific UKSPF interventions, as well as review their capability of services to deliver outputs under UKSPF.
87. For example, Building Bridges could be offered a new UKSPF contract from Wiltshire Council to replace their ESF contract with The National Lottery. As this occurs, there is an opportunity to reset the performance and targets, as well as reduce paperwork by changing the monitoring regime from ESF to UKSPF.
88. For Warm & Safe, it is more likely that an additional contract to deliver more, perhaps looking for more energy efficiency and insulation measures, and other new facets of delivery, such as linking to construction sector to drive the green skills targets and contribute towards UKSPF outcomes.

89. In addition to the practical considerations, there ought to be some expenditure in year 1 between October 2022 and March 2023 to ensure a strong local performance.
90. Overall, there will be a mix of a few very relevant and existing schemes that are reset for UKSPF, alongside new schemes introduced into the area. The year-on-year profile will guide the speed and pace of new schemes coming on stream
91. Projects will run until March 2025 under current plans, though UKSPF is likely to continue as a vehicle for local economic development investment over a longer period.
92. Where possible UKSPF and Multiply numeracy scheme will work together on joint commissioning, such as where a skills programme under UKSPF might also be able to deliver Multiply funding as part of its offer.

Costing the delivery plan

93. Expenditure will appear in an activity profile which will form part of the UKSPF Investment Plan submission. Plans will need to account for year-on-year expenditure profile, as well place some unit costs on outputs in order to show government what we think can be delivered in the area.
94. Costs for outputs will be calculated based on existing local delivery, including from the ESIF programme where some projects report on cost per output for measures such as 'jobs created' and 'entrepreneurs readied to start-up.' Government has stated it will consider robust and reasonable output profiles as satisfactory, acknowledging that decisions on delivery and contracting can be quite pervasive and important in shaping how an individual project performs on the ground.
95. From experience and emerging evidence, the costs of delivery in rural areas is higher than more concentrated urban populations, and typically, there are fewer organisations willing and able to provide services and interventions to rural communities and businesses. This will be reflected in our delivery profile.
96. The issue of costs is particularly apparent in skills interventions, and when working with inactive and hard-to-engage people, a scheme should be able to recover full costs as there will be a lot of work required with some individuals, and so a fixed unit cost of delivery, ie; set budget for each output, does not work and creates financial risk for the project delivery organisation.
97. Most importantly, the Delivery Plan will link interventions to outputs, and these lead to the UKSPF outcomes which have been agreed in advance. In that way there will be a coherent, affordable, well-managed and impactful UKSPF programme in Wiltshire.

Overview and Scrutiny Engagement

98. Engagement with Overview and Scrutiny has not taken place given the timescale available to submit the Investment Plan. Further to submission, wider engagement will take place around the interventions and activities which may be prioritised.

Safeguarding Implications

99. There are no safeguarding implications linked to the submission of the Investment Plan. Projects may arise which do require consideration and officers will ensure that appropriate consideration is given when entering into agreements.

Public Health Implications

100. The Investment Plan contains a number of opportunities to increase the health of Wiltshire's population. The local economy is a known contributor to the wider determinants of health, and proposals linked to Wiltshire Warm and Safe are welcome.

101. The Public Health Team are engaged as part of the officer development team for the Investment Plan.

Procurement Implications

102. From October 2022, Council officers will commence the investments by making a number of calls for projects, as well as considering commissions and partnership actions. The *de facto* route to market is for grants awarded to contracted delivery bodies. However, the Council is able to commission itself to deliver the work, and perhaps in doing so build and lead a delivery partnership. The Council will also be able to procure services where it is appropriate for a profit to be derived from delivering services.

103. The UKSPF is therefore likely to require exercises to be undertaken, but in advance of technical guidance detailed consideration cannot be undertaken. Procurement officers will be engaged in the technical design of scheme process.

Equalities Impact of the Proposal

104. Funded projects may require Equality Impact Assessments. Officers will consider the equality implications locally and ensure that there are no negative impacts as projects come forward. This will be done throughout the life of the project delivery

Environmental and Climate Change Considerations

105. The UKSPF Investment Plan is well aligned with the climate strategy and presents a number of opportunities to deliver on its aims and objectives. The inclusion of Wiltshire Warm and Safe presents an opportunity to increase capital grants for energy efficiency and local renewables, combined with addressing the need for green skills to support the transition to Net Zero.

106. The Climate Team are engaged as part of the officer development team for the Investment Plan.

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

107. If the Council determines not to submit the investment Plan, Wiltshire will not be able to draw down £5.7M of UKSPF Funding.

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

108. There is a risk that technical guidance may alter the direction of the Investment Plan. This risk is shared jointly with DLUHC who are managing the timing of the process.
109. In addition to the above, projects coming forward under the UK Shared Prosperity Funding will require individual risk assessments.

Financial Implications

110. The UKSPF financial profile is set out above, comprising £5.7M of funding. In addition, the UKSPF allows up to 4% of the local allocation as a resource for lead local authorities to support the compliant and effective operation of the programme. These funds, amounting to just under £230k will be used to support the resources required to run the programme.

Legal Implications

111. Legal implications will need further consideration on receipt of technical guidance and a draft grant agreement that establishes the expectations on the Council.
112. Consideration will also be given to any delivery arrangements that the Council may need to enter into in delivering the Investment Plan.

Workforce Implications

113. There are existing resources within the Economic Development team with experience of delivering similar programmes who will support delivery of the Investment Plan. Should further resource be required, the UKSPF allows up to 4% of the local allocation as a resource for lead local authorities to support the compliant and effective operation of the programme.

Options Considered

114. Options considered include
- 114.1. Not entering into the Investment Plan process. It was considered that this would reduce investment into Wiltshire by £5.7M.
- 114.2. Prioritising other outcomes within the plan. The selected outcomes have been tested with an array of stakeholders across public, private and voluntary sectors to inform development of the plan.

Conclusions

115. Having considered the above, it is recommended that Cabinet move to approve the direction of the UKSPF Investment Plan and delegate submission of the final draft to the Leader of the Council, Chief Executive and s151 officer, in accordance with the guidance.
116. It is noted that technical guidance is still awaited, and the Council will need to give further consideration to the technical delivery of the Investment Plan on receipt.

Parvis Khansari (Corporate Director - Place)

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victoria.moloney@wiltshire.gov.uk,

12 July 2022

Appendices

Appendix 1: Local Economic Assessment Key Findings.

Local Economic Assessment: Key points for the UK Shared Prosperity Fund

Evidence of need and opportunity

1. The LEA tells us a number of things which are relevant to the UKSPF and which should be highly influential to the Investment Plan. From the report the following points are noted:
 - Business growth in the area has slowed since 2015 and is in danger of slipping behind similar areas and neighbours – barriers to growth need to be identified and removed
 - Wiltshire has a significant productivity gap, lagging behind the national average and affects wages and living standards.
 - High value sectors, such as manufacturing, professional services, ICT / digital, and construction sector businesses should be prioritised and nurtured to drive productivity and prosperity. Productivity could be improved by investing in innovation and skills
 - Growth is focused on M4 corridor, the A350 zone, and the A303 zone
 - COVID-19 pandemic took a heavy toll with food and accommodation heavily hit.
 - Wiltshire has an entrepreneurial spirit, with strong business survival rates, though with many very small, and low value / low productivity firms. In general, entrepreneurialism should be supported as a way of introducing new finance, investments, assets and skills into the local economy.
 - The evidence points towards high rates of part-time working in Wiltshire, which suggests an underutilisation of human capital that could help address shortages of labour supply.
 - COVID showed us many businesses with no reserves and are not able to invest and grow and become employers – and many lack motivation to do so. These businesses often in retail, hospitality, leisure and consumer services are also susceptible to downturn in spending for discretionary goods and services, so must improve their trading on quality and customer service, as less able to reduce costs.
 - Low carbon industries are a key sector in Wiltshire with growth set to continue. Growth in job openings for net-zero related jobs is likely over the next 3-10 years.
 - Life Sciences sector has seen significant growth, albeit from a low base, with the investments at Porton Science Park and focus on this sector has created a growth cluster
 - Homeworking has rapidly increased, with 1-in-5 workers working from home. Wiltshire now sees a small net number of daily inward-commuters, even though wages are on average lower in Wiltshire. These imbalances can be explained by the unaffordability of housing. Given the need for younger skilled workers, this illustrates the changing nature of the local economy and difficulty in terms of achieving higher wages and productivity in the area.

- Unaffordable house-prices and educational and cultural opportunities limit social mobility
 - Automation will continue to affect the employment rates, with around 14,000 jobs highly at risk of replaced through automation. This indicates that businesses are deploying digital techniques and utilising industry 4.0 technologies, positioning business for future growth.
 - Employers who cannot recruit suitably skilled or resilient workers will turn to automation as a solution, as opposed to moving the business to another location. This will be true of low value sectors such as Retail and Wholesale, and Accommodation and Food Services and where property asset values and other investments make it more difficult to relocate.
2. The Local Economic Assessment section on Future Trends for Wiltshire indicates that Council should be cognisant of following concerns given its plans for Levelling-Up and any interventions funded by UKSPF:
- By 2040 older people will dominate the area, with services and infrastructure required for their needs.
 - The future employment requirements of businesses is not certain, but demand for managerial and professional occupations is expected, with low demand from automated occupations. Providing incentives to diversify the socio-economic mix of workforces and recruit more people from lower socio-economic backgrounds would have a positive effect on social mobility.
 - Though projections of job numbers are inconsistent due to the currently uncertain effect of rapid technologization, digitisation and innovation of business processes, operations and trading, the trend of more demand for professional and managerial skills appears clear.
 - The local economy contracted during the pandemic and will take until at least 2025 to recover – at best (according to OBR – whereas there is also evidence of a failure to recover the ground – as seen in the current downturn). Growth is likely to be accelerated through more employment in low carbon businesses, and through low carbon skilled employees adding new skills to existing businesses. Investment in green skills points the way to a sustainable recovery.
 - Automation will affect workers differently in different sectors and different roles. For some, it will be an opportunity to take on more rewarding and technically skilled work, but for those in lower productive industries it may lead to short-termism, lower skills base and job insecurity.
 - Larger businesses are likely to automate more strategically and as they drive down employment, they might provide less benefit to the local economy in the future - where they are highly automated and take disproportionate resources such as energy supply – ie; a data centre or distribution hub. This should be considered in light of smaller business automating who might be more committed to redeployment and reskilling of employees.
 - The LEA reports that there will not be sufficient to replace current workers as they retire. The area will continue to be affected by lack of new workers, such as those from the EU. Businesses will need to fill vacancies with local workers,

instead of relying on imported talent from EU27 countries. For example, the LEA projects that “The future Swindon and Wiltshire labour market will include a smaller potential pool of labour supply while greater demand for social care and healthcare will rise due to greater need from the older population.”

- Firms will need to be more prepared to train and upskill workers. Many employers report that their requirement is for people with strong employment skills, the soft-skills which are important especially when working with people and in complex environments, rather than hard skills or qualifications. This would point towards more apprenticeships, including higher apprenticeships, but also helping people who have been inactive into work, where they are willing and able to work, given the reasons for being inactive.
- Demand for business workspace (as ‘employment land’), from an entrepreneurial culture, should be provided to prevent risk of businesses relocating. The demand is for industrial-use types – with most workspace demand in the A350 – Westbury-to-Melksham area.

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Wiltshire Council

Cabinet

12 July 2022

Subject: Enhanced Highways Maintenance Funding

Cabinet Member: Cllr Dr Mark McClelland, Cabinet Member for Transport, Waste, Street Scene and Flooding

Key Decision: Key

Executive Summary

The appearance of our roads and verges is important to the public and local communities, but with funding limitations it has not always been possible to deliver the desired levels of routine maintenance on the network as safety maintenance has had to take priority.

Road marking, gully emptying, and enforcement action on fly-tipping are areas where in recent years funding has been less than historical levels and consequently the condition and appearance of the network has suffered.

In order to address this issue it is proposed to increase funding on these three areas by £683,000 annually over the next three years to improve the safety and appearance of the highway network.

It is proposed to increase funding for road marking and lining by £200,000 annually to address the backlog and make an enormous difference to the appearance and safety of the network. The additional funding will be used to renew give way, roundabout markings and stop lines, predominantly using 'hand' gangs within the urban areas and a programme of machine lining on the inter-urban roads, especially the A roads. The programme will be focused on an area-by-area basis which will see the lining brought up to standard over the next three years.

The budget for gully emptying would be increased by £333,000 annually to pay for another specialist gully emptying machine with jetting facility, supporting traffic management and additional equipment to be deployed to improve drainage. The provision of this fourth machine will enable the frequency of gully emptying to be increased.

Litter enforcement would be improved by investment of £150,000 annually to provide monitoring cameras, three additional enforcement staff, and an advertising and awareness campaign.

This increased investment of over £2 million will see a substantial improvement in the safety and appearance of Wiltshire's highway network.

Proposals

It is recommended that for the years 2022/23, 2023/24 and 2024/25:

- (i) The budget for road markings and lining should be increased by £200,000 annually.
- (ii) The budget for gully emptying should be increased by £333,000 annually.
- (iii) The budget for fly-tipping enforcement should be increased by £150,000 annually.

Reason for Proposals

The appearance of our roads and verges is important to the public and local communities and the proposed increase in investment of over £2 million will see a substantial improvement in the safety and appearance of Wiltshire's highway network.

Terence Herbert
Chief Executive

Wiltshire Council

Cabinet

12 July 2022

Subject: Enhanced Highways Maintenance Funding

Cabinet Member: Cllr Dr Mark McClelland, Cabinet Member for Transport, Waste, Street Scene and Flooding

Key Decision: Key

Purpose of Report

1. To consider increased investment in highway maintenance with a view to improving safety and the appearance of the highway network.

Relevance to the Council's Business Plan

2. The Council Business plan acknowledges Wiltshire's natural beauty, its historic sites, villages, houses and unique habitats and wildlife which must be protected and nurtured.
3. It is a Council priority to reduce litter and fly tipping through rigorous media campaigns, enforcement and prosecutions, and help improve biodiversity and wildflowers on verges and maintained grounds.

Background

4. Wiltshire has an extensive highway network of over 4,400km of road. The overall condition of the network is fairly good, especially when compared to some other authorities. However, the appearance of our roads and verges is important to the public and local communities, and reduced expenditure in recent years has resulted in lower levels of routine maintenance on the network with safety maintenance having to take priority.
5. Road marking, gully emptying, and enforcement action on fly-tipping are areas where in recent years funding has been less than historical levels and consequently the condition and appearance of the network has suffered.

Main Considerations for the Council

Road Marking and Lining

6. The renewal of road markings is carried out by an annual programme targeting those in worst condition. It is mainly undertaken during the summer when conditions are more favourable for ensuring a durable product. In recent years budget limitations have restricted the volume of work undertaken, and consequently some of the lining and road marking is becoming faded and worn.

7. It is proposed to increase funding substantially over the next three years to enable a significant programme of road marking replacement and renewal. Funding in 2021/22 on road markings was £120,000, which was considerably less than it had been in most previous years. It was intended to increase the budget to £270,000 in 2022/23 to return it to the minimum level required. However, if a further £200,000 was provided it would increase it to £470,000, which would start to reduce the backlog and make an enormous difference to the appearance and safety of the network.
8. It is proposed that the additional funding would be used to renew give way lines, roundabout markings and stop lines, predominantly using 'hand' gangs within the urban areas and a programme of machine lining on the inter-urban roads, especially the A roads. The increased programme of work would involve a shift in priorities for Council staff to prioritise this programme during the summer months which is the best time for doing this type of work.
9. The programme would be focused on an area-by-area basis to bring the lining up to standard over the next three years. Advance warning will be given of the road marking and lining work, with work carried out at off peak periods on busier roads and locations to reduce disruption.

Gully Emptying

10. Gully emptying is primarily carried out on a fixed programme. There is annual emptying on the main roads, with emptying once every three years on other roads. In most cases this is adequate, but in some cases where there are higher levels of silt or debris there are gullies which can become blocked. The priority is to clear those gullies on high-speed roads or where properties could be at risk of flooding. However, at times there have not been adequate resources to keep all the gullies clear, especially on minor roads.
11. The budget for gully emptying is currently £1,274,000 annually. This provides for 3 gully tankers on routine gully emptying operations and a Vactor, which is a gully tanker with a jetting facility. The Vactor is used to clear those gullies where there are blockages and to investigate problem sites on an ad-hoc basis.
12. It is proposed to increase the budget for gully emptying by £333,000 annually for three years. The additional funding will pay for another Vactor with supporting traffic management and will provide funding to enable additional use of equipment as required.
13. The two Vactors will initially be targeted at those gullies where there are identified problems based on reports from the engineers and from the public. The existing gully tankers would continue the programmed emptying. The additional resources would represent an additional 20% in resources which will focus on the problem sites. This will reduce the number of blocked gullies and reduce the reports and complaints from the public.
14. The intention is that once the most serious problems have been addressed the schedule of gully emptying will be rotated to cover as many gullies as possible in the three-year programme.

Fly-Tipping-Enforcement

15. Fly-tipping is the illegal deposit of waste on land contrary to Section 33(1)(a) of the Environmental Protection Act 1990. It is a significant blight on local environments, a source of pollution, a potential danger to public health and a hazard to wildlife. It also undermines legitimate waste businesses where unscrupulous operators undercut those operating within the law. It is a serious criminal offence punishable by an unlimited fine or 12-months imprisonment if convicted in a Magistrates' Court. The offence can also attract an unlimited fine and up to 5 years imprisonment if convicted in a Crown Court.
16. Enforcement is carried out by the Highways & Transport Directorate and has 6 full time equivalent (FTE) officers. Their primary role is to be responsible for the enforcement of environmental and highways legislation linked to statutory and non-statutory duties.
17. The clearance of small quantities of fly-tipping (under 3 cubic metres) is conducted by idverde as the council's Streetscene contractor, with larger quantities cleared by specialist contractors. The new contract due to start in December 2022 will see all fly tips cleared by the successful contractor following the timescales as detailed in the Code of Practice for Litter & Refuse (CoPLAR).
18. It is proposed to increase fly-tipping enforcement capabilities by increasing investment by £150,000 annually for 3 years. A range of options have been considered which would increase the number of wireless cloud-based cameras for longer term monitoring of sites with serious issues, increase monitoring using remote cameras for shorter term requirements, discourage fly-tipping using dummy cameras and signing, supported by a greater number of enforcement officers and an advertising campaign.
19. The proposal would provide 8 cameras, 8 trail cameras, 3 additional staff with advertising and other support to deliver enhanced fly-tipping enforcement. Consideration would be given to increasing the number of cameras should the additional enforcement prove successful and the cost of removing fly-tipping reduce. The enforcement and publicity will be adapted as necessary to address particular problems and sites.

Overview and Scrutiny Engagement

20. The Chairman and Vice Chairman of Environment Select Committee will receive a briefing regarding this report. Future progress on the lining, gully emptying, and fly-tipping improvements will be reported to the Environment Select Committee in connection with the annual report made on the highways service.

Safeguarding Implications

21. There are no safeguarding implications.

Public Health Implications

22. The provision of road marking and lining can help improve roads safety, by providing information to assist drivers and road users.

23. Improved gully emptying can improve road safety by reducing the risk of vehicles experiencing standing water on high-speed roads, and it can also reduce the risk of the flooding of properties with the potential adverse health implications that can have.
24. As well as being unsightly fly-tipping can be health risk, especially where hazardous materials are involved. The increased enforcement and associated advertising campaigns are expected to reduce fly-tipping and the consequent public health risks.

Procurement Implications

25. The road marking and gully emptying services are currently provided through the existing Highways Term Maintenance contract which was the subject of a report to Cabinet in January and is currently the subject of a procurement exercise. The existing contract is with Ringway Infrastructure Services, and the new contract will be awarded later this year and will start in April 2023. The new contract includes provision for the new supplier to provide these services.
26. The procurement of cameras and support equipment and services in connection with the enhanced fly-tipping enforcement will be carried out in accordance with the Council's procurement procedures.

Equalities Impact of the Proposal

27. It is not anticipated that there will be any equalities impacts as a result of this enhanced service provision. Improved road maintenance is likely to be beneficial for pedestrians, cyclists and vulnerable road users.

Environmental and Climate Change Considerations

28. Enhanced routine highway maintenance would have environmental benefits, especially in terms of reducing fly-tipping and pollution. It would improve the environment and the appearance of the highway network for all road users, potentially increasing people's pride in the county and its environment.
29. Improved gully emptying will help reduce the risk of flooding, which is expected to become an increasing problem with climate change and higher intensity rainfall events which can overwhelm poorly maintained drainage systems.
30. The vehicles for the lining and gully emptying would initially be provided under the existing term highway maintenance contract with Ringway Infrastructure Services. From April 2023 the service would be provided under the new term maintenance contract which is currently out to tender. Bidders will be including proposals to meet the council's carbon target as part of their submission which will be assessed as part of the award process.
31. Other vehicles required in connection with the enhanced service will conform to the Council's emerging fleet strategy, which requires all new contracts and service agreements to contain the requirement for fleet provision to meet the council's requirements to be carbon neutral by 2030.

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

32. There is a risk of increased public dissatisfaction with the condition of the highway network without increased investment in routine highway maintenance. The condition of road markings, the effectiveness of highways drainage and fly-tipping are all matters which are of concern to the public and road users.
33. Not tackling fly-tipping effectively has potential health implications, especially where hazardous waste is involved. The poor condition of road markings could result in reduced road safety,

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

34. There is a risk that the contractors will not have the capacity to deliver the increased road markings and gully emptying. However, initial indications from the existing contractor are that they will be able to meet this demand despite the increased demand on resources nationally. It should be noted that a new contract will be starting in April next year and arrangements will have to be made with supplier for the enhanced services.
35. Rising costs are becoming a problem in many areas and highway maintenance has been affected because of increased fuel and material costs, and this could affect the future delivery of these increased programmes.
36. The enhanced fly-tipping enforcement would require recruitment to the new posts and procurement of cameras and equipment. It is not envisaged that this will cause significant problems, but it is anticipated that it will take at least three months before the enhanced service can start.

Financial Implications

In order to improve the maintenance of the highway network it is proposed to make the following budget increases in the Highways and Transport service. This will be funded from the Business Plan Priority Reserve and has been included as a recommendation for approval as part of the Revenue Final Financial Year End Revenue Position report. Any potential capital spend will be reviewed and may be capitalised.

Item	2022/23	2023/24	2024/25
Road Markings and Lining	£200,000	£200,000	£200,000
Gully Emptying	£333,000	£333,000	£333,000
Fly-tipping Enforcement	£150,000	£150,000	£150,000
Total	£683,000	£683,000	£683,000

37. The proposals have been discussed with existing service suppliers where relevant and the indications are that resources will be available to deliver the enhanced service levels.

Legal Implications

38. The highway authority has a duty to keep the highway network safe, but this duty does not usually prescribe specific levels of maintenance. There is generally no legal requirement to provide road marking and lining, but these often help drivers and improve road safety. However, some lines such as double white lines and yellow waiting restriction lines are required in connection with Traffic Regulation Orders.
39. The Council has powers to enforce fly-tipping which is currently carried out by officers also involved in other highway enforcement. The increased investigations and enforcement resulting from the increased use of cameras and additional staff is likely to lead to increased prosecutions and legal action. An allowance has been made in the proposed budget for increased legal costs in connection with this.

Workforce Implications

40. The additional road marking and gully emptying will be carried out by contractors, and their management will be by existing local highways officers, and additional staff will not be required.
41. The increased fly-tipping enforcement would require three additional staff, and arrangements will be made for the necessary recruitment of these as soon as the additional funding has been approved.

Options Considered

42. Road marking, gully emptying and fly-tipping enforcement are considered to be the three service areas where increased investment would be particularly effective to improve the safety and appearance of the highway network. Other areas of the highway service have not experienced such significant reductions in budget over recent years with the consequent reduction in public satisfaction and increase in complaints.

Conclusions

43. The increased investment would result in better road markings, increased gully emptying and greater fly-tipping enforcement, which would lead to improved road safety and increased public satisfaction.
44. It is considered that the proposals are viable and can be delivered within a suitable timescale. Increasing the budget for three years will enable the backlog of work to be addressed and the condition and appearance of the highway network to be improved considerably.

Parvis Khansari (Corporate Director - Place)

Report Author:

Peter Binley

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Date of report 12 July 2022

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

None

Appendices

None

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Wiltshire Council

Cabinet

12 July 2022

Subject: Future Chippenham

Cabinet Member: Cllr Richard Clewer – Leader of the Council and Cabinet Member for Climate Change, MCI, Economic Development, Heritage, Arts, Tourism and Health & Wellbeing

Key Decision: Key

Executive Summary

This report provides an update on the progress of the Future Chippenham programme since the Council decision in July 2021 to seek an amendment to the Grant Determination Agreement with Homes England to fund a programme to the south of Chippenham.

Proposal(s)

Cabinet is asked to:

1. Confirm their decision of 21 July 2021 to support the preferred road route and Future Chippenham programme to the south of Chippenham subject to Housing infrastructure funding (HIF) and the Local plan review.
2. Note the outcome of the recent judicial review brought by a member of the public supported by the Campaign Against Urban Sprawl south of Chippenham.
3. Agree that if HIF funding via a revised Grant Determination Agreement (GDA) with Homes England, or the Local plan review does not support the Future Chippenham programme proposals based on the 21 July 2021 decision, the Council will seek to negotiate an exit from the GDA.
4. Agree that design work on the Future Chippenham programme will be paused subject to reaching agreement on the revised GDA.
5. Agree that subject to agreeing a revised GDA the Future Chippenham programme submits its further representations to the Local plan review.
6. Agree to delegate to the Corporate Director of Resources (Deputy Chief Executive) authority to enter into a revised GDA based on the July 2021 decision and no further financial liability for the Council and a HIF availability period that minimises risk for the Council.

Reason for Proposal(s)

Following the Cabinet's decision in July 2021 to seek a revision to the GDA with Homes England to support a southern only road route and development proposals, discussions have been taking place with Homes England. During this period the Council has continued design work in good faith but at risk.

The availability period for HIF funding to be defrayed by March 2025 means that procurement of road and associated design and investigatory work needs to be commissioned now so that subject to the Local plan review the Council can proceed with the scheme.

Incurring further expense at risk without agreement to a revised GDA places unacceptable risk on the Council. Hence the report seeks authority to pause that work and seek a resolution to a revised GDA before proceeding any further with the Future Chippenham programme.

Terence Herbert
Chief Executive

Wiltshire Council

Cabinet

12 July 2022

Subject: Future Chippenham

Cabinet Member: Cllr Richard Clewer – Leader of the Council and Cabinet Member for Climate Change, MCI, Economic Development, Heritage, Arts, Tourism and Health & Wellbeing

Key Decision: Key

Purpose of Report

1. The purpose of the report is to seek authority to pause design work on the Future Chippenham programme subject to achieving a revised GDA with Homes England that reflects the cabinet decision of 21 July 2021.

Relevance to the Council's Business Plan

2. The Future Chippenham Programme directly supports the Council's business plan to deliver vibrant, well connected communities.

Background

3. The cabinet agreed to seek a revision to the GDA with Homes England that would provide HIF for the Future Chippenham programme at its meeting on 21 July 2021 following the outcome of public consultation. The cabinet agreed a preferred road route for a southern section and discussions took place with Homes England on a revised GDA whilst design work continued on that revised scheme with funding for that work incurred at risk. Despite on going discussions with Homes England, agreement on a revised GDA has not been reached. If the scheme proceeds subject to the Local plan review, significant design and procurement work should commence now. However, that would expose the Council to significant financial risk.

Main Considerations for the Council

4. After taking Counsel advice and whilst it was accepted that there was no formal consultation period underway in the Local Plan review process, in May 2022 the Partnership made an additional (and amending) holding submission to the previous Future Chippenham Project Team submission. This submission was based on the cabinet decision of 21 July 2021 and on-going design work and negotiations with land owners on behalf of the Council as landowner promoting the Future Chippenham programme. These holding representations were made subject to confirmation of HIF funding and the Local plan review itself. This included draft documents relating to the masterplanning process that all landowners had collaborated on but were

subject to final agreement and a timescale based on achieving a decision on HIF funding a revised GDA.

5. Due to the scale and nature of the project, the combined landowners chose to employ the process set out in the Government's Garden Communities Toolkit: <https://www.gov.uk/guidance/garden-communities/masterplanning>. Should the Inspector overseeing the Examination-in-Public (EIP) accept Future Chippenham as the allocation, then it will almost certainly be the case that the allocating policy will require the area to be masterplanned holistically and in conjunction with proper community input. Therefore, by beginning this process at the soonest juncture, this means that delivery can commence expeditiously if the Local Plan is found sound. This will ensure a clear, established process is followed in a way that has the best chance to successfully navigate the Local Plan and development management processes and to communicate the project effectively to stakeholders.
6. The intention is that a further updated representation position will be submitted in due course subject to achieving a revised GDA and ideally at regulation 19 stage which will include, amongst other documents:
 - a) Masterplan and planning statement, explaining distribution and delivery of land uses
 - b) A Vision document - This Future Chippenham Vision Report is being developed to support the promotion of land to the south of Chippenham as a preferred location for growth in the new Wiltshire Local Plan. It captures the outcomes from site survey investigations of the physical and environmental context and represents a comprehensively agreed and updated Local Plan promotion position that advances on the previous Regulation 18 submission by the Future Chippenham Project Team.
 - c) This Vision Report aims to inform the Council's strategic decision and plan-making processes and in so doing
 - Sets out the design vision supporting Future Chippenham. identifies the land required for up to 4,050 homes and associated development to be delivered in the Local Plan Period.
 - Identifies the proposed settlement boundary to the south of Chippenham up to 2036.
 - Summarises the known environmental constraints and challenges and how these have been considered within early design work.
 - Includes the emerging alignment of the distributor road.
 - d) Draft over-arching design code to deliver excellent place shaping.
 - e) Agreed Statement of Common Ground between all landowners.
 - f) Mitigation of traffic impacts as agreed with the Local Highways Authority
 - g) Avoidance and mitigation of environmental impacts including indicative solutions to meet policy requirements on biodiversity net gain measures and sustainability.
 - h) A summary of public consultation carried out in relation to the scheme.
 - i) Technical papers showing the evidence that has informed the project (e.g. highways, landscape, sustainability, heritage, archaeology, infrastructure and so on).
 - j) Delivery strategy including phasing and infrastructure.

7. A member of the public (supported by the Campaign Against Urban Sprawl in Southern Chippenham) sought a judicial review of the 21 July 2021 cabinet decision. The claim was heard in the High Court (Cardiff Registry) on 26 May 2022. The claim raised three Grounds of Challenge and his Honour Judge Jarman QC held that the claimant had not established any of the grounds of Challenge that were made out and therefore the claim failed.
8. The claimant is currently seeking permission to appeal the Judgment in respect of one of the grounds of Challenge. The Council has opposed the granting of permission on the basis that the Judge considered all of the facts and his conclusions were ones which he was entitled to reach on the evidence before him and that the proposed appeal is no more than the Claimant's disagreement with the Judge's conclusions. The Judge has subsequently refused the claimant permission to appeal. The Claimant can renew the application for permission to appeal by lodging an application with the Court of Appeal. The Council will now wait to see if this course of action is taken.
9. Subject to achieving a revised GDA, HIF funding will have to be defrayed within the HIF availability period which runs until March 2025. The estimated costs of the southern distributor road exceeds the £75 million HIF funding contained in the original GDA. Thus subject to the Local plan review and the statutory planning process if the road construction proceeds HIF funding will be the first call on finance with the balance funded by the Council such that a recovery strategy is agreed so that the Council's funding is recovered from development as it comes forward and there is no net cost to the Council. To be able to achieve that time line the Council will need to procure the road construction contract, archaeological investigations and progress with the masterplan, land assembly and consultation. As that work would be at risk and at significant cost to the Council without an agreed revised GDA, it is recommended that the work is paused until a revised GDA is agreed.
10. If a revised GDA cannot be agreed by the end of July 2022 the Council may need to negotiate an exit from the existing GDA as it will not be possible to deliver the project within the HIF availability period without exposing the Council to financial risk. Leading Counsel's advice was sought on the implications for an exit from the GDA should this occur. That advice is set out in part 2 of the agenda.
11. Overview and scrutiny has been engaged with and a briefing is scheduled to take place prior to the cabinet meeting.

Safeguarding Implications

12. There are no safeguarding implications at this stage

Public Health Implications

13. There are no public health implications at this stage

Procurement Implications

14. All procurement associated with the project will take place within the Council's procurement and commercial strategy and in conjunction with the Council's procurement team.
15. Whilst Cabinet considers the recommendations in this proposal all intended procurement exercises have been paused to mitigate any potential reputational issues arising should prospective tenders need to be withdrawn from the market.

Equalities Impact of the Proposal

16. There are no direct equality impacts from this report. However, should the Future Chippenham programme not proceed, there is a potential risk that a reduced level of affordable housing will be available in Chippenham with a lack of connectivity to the town centre and community infrastructure within the development area.

Environmental and Climate Change Considerations

17. As this report is to request approval to enter into a revised GDA with Homes England there is no direct environment or climate change considerations to be made at this stage. The terms of the GDA will require the Council to have full regard to all relevant environmental and climate change legislation and requirements in the Local Plan process as the project progresses. The project is cognisant that local planning policy may have requirements on how any development takes place and will, where required, comply with these.

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

18. If the Council continues the necessary work to progress the Future Chippenham programme without an agreed revised GDA then it will expose itself to significant abortive work and financial risk.

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

19. If it proves not possible to achieve a revised GDA based on the decision of the July 21 2021 cabinet decision, there is risk that the Council will not be able to claim HIF funding for work that it has undertaken at risk. The financial risk for the Council if that materialises can be mitigated by reduced development or asset disposal subject to the Local plan review.

Financial Implications

20. In delivering the Future Chippenham programme to date, the Council has been able to claim £6.375m from Homes England. In the absence of an agreed GDA, the Council has continued to progress the programme in good faith, but at risk in order to achieve the grant expenditure date.

21. The ability for the Council to recover any outstanding grant payments is contained with the Counsel advice sought regarding the GDA.

Legal Implications

22. This report is providing an update on the progress of the Future Chippenham programme and representations provided on the Local Plan Review since the Council decision in July 2021 to seek an amendment to the Grant Determination Agreement with Homes England to fund a programme to the south of Chippenham.
23. It also seeks approval to pause design work on the programme pending agreement on a revised GDA or if the HIF funding. The legal processes involved on this update information are detailed in the body of the report.
24. One of the possible outcomes going forward is the possibility of having to negotiate an exit to the GDA. Leading Counsel's advice has been sought on the Council's options should it be obliged to consider exiting the GDA and that advice is set out in part 2 of the agenda.

Workforce Implications

25. There are no workforce implications at this stage

Options Considered

26. The Council could continue progressing the Future Chippenham programme at risk without an agreed revised GDA. That will expose the Council to significant financial risk regardless of the outcome of the Local plan review. Therefore, this option is not recommended.
27. The Council can decide to pause work subject to achieving a revised GDA. However, there is a window within which the revised GDA should be concluded to ensure that the HIF funding available to the Council does not generate financial risk for the Council. Therefore, to protect the Council's financial interests it is recommended further design work and procurement is paused.

Conclusions

28. Following the Cabinet's decision in July 2021 to seek a revision to the GDA with Homes England to support a southern only road route and development proposals, discussions have been taking place with Homes England. During this period the Council has continued design work in good faith but at risk.
29. The availability period for HIF funding to be defrayed by March 2025 means that procurement of road and associated design and investigatory

work needs to be commissioned now so that subject to the Local plan review the Council can proceed with the scheme.

30. Incurring further expense at risk without agreement to a revised GDA places unacceptable risk on the Council. This report therefore seeks authority to pause that work and seek a resolution to a revised GDA before proceeding with any further with the Future Chippenham programme.
31. The full proposals are set out in the summary section at the front of this report.

Simon Hendey (Director - Assets and Commercial Development)

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Date of report: 12 July 2022

Appendices

Appendix 1

Background Papers

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

By virtue of paragraph(s) 1 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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