

## **Appendix 2 – Capital Strategy 2022/23**

1. This report presents the Capital Strategy for 2022/23 which sets out the proposed Capital Programme for 2022/23 with future years projected to 2029/2030.
2. The Capital Strategy is an annual requirement that must be approved by Full Council.
3. The purpose of the Capital Strategy is to clearly set out the priorities and framework within which Wiltshire Council determines its resourcing priorities for capital investment, decides the level of borrowing, the affordability of the borrowing and sets the level of the risk appetite.

### **BACKGROUND**

4. The Prudential code for Capital Finance in Local Authorities (2017) introduced a new requirement for Local Authorities to prepare an annual Capital Strategy to be authorised by Full Council.
5. The purpose of the Capital Strategy is to clearly set out the priorities and framework within which Wiltshire Council determines its resourcing priorities for capital investment, decides the level of borrowing, the affordability of the borrowing and sets the level of the risk appetite.
6. The prudential code sets out that the Capital Strategy is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future sustainability.
7. The Capital Strategy does not duplicate more detailed policies, procedures or plans; it is intended to sit above and reference these to allow those seeking more detail to know where to find it.
8. Capital Expenditure is defined within the Chartered Institute of Public Finance and Accountancy's (CIPFA) Accounting Code of Practice as; Expenditure that results in the acquisition, construction, or the enhancement of non-current assets (tangible or intangible) in accordance with proper practices... All other expenditure must be accounted for as revenue expenditure unless specifically directed by the Secretary of State.

## CAPITAL EXPENDITURE

### Capital Programme

9. The Capital Programme is approved by Full Council. The proposed Capital Programme 2022/23-2029/30 is attached in Appendix 1, annex 7, and totals £1,286.953m. A summary position is set out in the tables below for both the capital spend and how it is planned to be financed.

	Revised 22/23 Budget £'m	Revised 23/24 Budget £'m	Revised 24/25 Budget £'m	Revised 25/26 to 29/30 Budget £'m	TOTAL £'m
Corporate Director - People	47.308	21.267	16.990	18.000	103.565
Corporate Director - Resources	162.622	72.245	64.068	27.722	326.657
Corporate Director - Place	52.026	73.594	80.136	336.409	542.165
<b>General Fund Total</b>	<b>261.956</b>	<b>167.106</b>	<b>161.194</b>	<b>382.131</b>	<b>972.387</b>
<b>Housing Revenue Account</b>	<b>45.159</b>	<b>38.309</b>	<b>36.391</b>	<b>194.707</b>	<b>314.566</b>
<b>Total Capital Programme</b>	<b>307.115</b>	<b>205.415</b>	<b>197.585</b>	<b>576.838</b>	<b>1,286.953</b>

Funding	Revised 22/23 Budget £'m	Revised 23/24 Budget £'m	Revised 24/25 Budget £'m	Revised 25/26 to 29/30 Budget £'m	TOTAL £'m
Grants	73.152	79.999	101.497	322.968	577.616
Contributions	2.198	7.162	7.739	3.504	20.603
HRA	45.159	38.309	36.391	194.705	314.564
Capital Receipts	3.439	0.250	0.250	1.250	5.189
Flexible Capital Receipts	0.000	0.000	0.000	0.000	0.000
Borrowing - Funded by revenue saving in service	100.787	33.478	13.299	0.751	148.315
Borrowing	82.380	44.217	38.409	21.570	186.576
Other	0.000	2.000	0.000	32.090	34.090
<b>Total Capital Programme Funding</b>	<b>307.115</b>	<b>205.415</b>	<b>197.585</b>	<b>576.838</b>	<b>1,286.953</b>

10. The Capital Programme sets out the capital projects that the Council plans to invest in over the next 8 years from 2022/23 to 2029/30; the amount of budget per project per year and the indicative sources of funding.
11. The Capital Programme has been reviewed and all figures validated, amended and reprofiled in consultation with Capital Project leads where necessary.
12. The revenue impact of financing capital investments are two fold, external interest payable and Minimum Revenue Provision (MRP). For the proposed capital programme 2022/23-2029/30 these have been factored into the 2022/23 revenue budget setting process and MTFS.
13. The key objectives of Wiltshire Council's Capital Programme are to ensure;

- Capital assets are used to support the delivery of business plan priorities and the delivery of council services, including the Housing Revenue Account (HRA) in line with the Council's 4 key business plan principles;
    - Thriving Economy
    - Resilient Society
    - Sustainable Environment
    - Empowered People
  - Expenditure is aligned to the Council's Asset Management Plans and HRA Business Plan to ensure that buildings and infrastructure, such as schools, roads and housing dwellings are fit for purpose and in a suitable condition to deliver services to the communities they serve.
  - All investments are affordable, sustainable and financially prudent;
  - Expenditure supports and enhances service delivery and/or generates revenue savings or income streams.
14. In setting the Capital Programme, the Council will consider projects that can generate new or additional future on-going income revenues to replace reducing grant funding and enable services that are required by the community to be provided. Opportunities will also be explored to develop new ways of relieving future pressures. These projects will meet wider Council priorities for example support economic activity, development or regeneration so will not be purely for yield.
15. The Council will look to maximise opportunities to secure external funds and work with partners, both private and other government agencies, to increase the overall level of investment within Wiltshire to support priorities and economic development.

## People (£103.565m in the period 2022/23-2029/30)

Scheme name	Revised 22/23 Budget £'m	Revised 23/24 Budget £'m	Revised 24/25 Budget £'m	Revised 25/26 to 29/30 Budget £'m	TOTAL £'m
<b>Education &amp; Skills</b>					
Access and Inclusion	0.100	0.100	0.100	0.500	0.800
Basic Need	18.221	4.355	2.042	2.000	26.618
Stonehenge School Replacement of Lower Block	3.342	0.750	0.053	0.000	4.145
Devolved Formula Capital	0.500	0.500	0.500	2.500	4.000
Schools Maintenance & Modernisation	6.557	5.300	4.750	13.000	29.607
Early Years Buildings	1.170	0.000	0.000	0.000	1.170
Special Schools	16.068	10.262	9.545	0.000	35.875
Abnormal Costs in Development of SEND Free School	0.350	0.000	0.000	0.000	0.350
<b>Education &amp; Skills Total</b>	<b>46.308</b>	<b>21.267</b>	<b>16.990</b>	<b>18.000</b>	<b>102.565</b>
<b>Families &amp; Children's</b>					
Children's Home	1.000	0.000	0.000	0.000	1.000
<b>Families &amp; Children's Total</b>	<b>1.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.000</b>
<b>People Total</b>	<b>47.308</b>	<b>21.267</b>	<b>16.990</b>	<b>18.000</b>	<b>103.565</b>

16. We want to give the children of Wiltshire the best start in life as it is a fundamental part of improving their long-term life chances and affords them the best opportunity to live long, full and healthy lives. Wiltshire invests in Early Years and Schools to ensure places are available, offering choice and inclusivity and ensuring buildings are in a good condition and provide the right environment for learning and to keep children safe.
17. Included within the programme are significant schemes that cover the planned maintenance of Wiltshire schools from roof replacements to heating systems and provide for expansions and new schools as well as ensuring facilities are accessible for pupils with additional needs.
18. As part of 2022/23 budget setting additional investment of £4.170m has been added to the programme. £3m is to allow for mobile and pratten classrooms to be replaced with permanent extensions and £1.170m to contribute towards the replacement of 4 temporary early year setting buildings that are no longer fit for purpose and to ensure services can continue and that Wiltshire Council meet its statutory duty to provide sufficient childcare across the county. A longer term strategy for Early Year setting building will be developed in 2022.
19. The capital programme for these works totals £66.340m and is funded by a mixture of Council borrowing, Government grant and developer contributions.
20. The Silverwood and SEND Special School capacity and alternative provision programmes will deliver significant additional places from September 2023 for learners with SEND. A new centre of excellence will be delivered at Rowdeford near Devizes, a budget of £36.225m has been allocated for this programme and is largely funded by Council borrowing.

21. This will be a purpose-built special school which will address the demand needs for additional SEND places for Wiltshire while providing:

- Attractive buildings - safe, friendly, calm and engaging places with wide corridors and lots of natural light
- Strong links with mainstream schools, with a special outreach provision (or resource base) in at least one primary and one secondary school in each key locality
- New world class facilities and support: hydro-pools, sensory rooms, physio, open outdoor space, speech and language therapy, family care
- Strong and vibrant community links – with cafés, community gardens and public playing fields – with inclusive businesses and civic spaces and services that facilitate and advocate independent living for all
- Improved inclusion and outcomes for children with SEND at secondary age
- Effective links with specialist nurseries, offering children with special needs seamless attention from the time they are tots to their teenage years
- Good transport routes and means of transport between the sites, central to the home locations of children and young people with SEND

22. A budget of £1m is included to increase the provision of local placements for looked after children. Options are being developed and finalised in 2021/22 to ensure that provision is available for when placements into family based care is not appropriate. Local provision is essential so that children and young people can remain close to their home and communities to enable them to continue with their education and maintain positive relationships. Being safe throughout life and all its facets is a foundation that all should be provided with.

## Resources (£326.657m in the period 2022/23-2029/30)

Scheme name	Revised 22/23 Budget £'m	Revised 23/24 Budget £'m	Revised 24/25 Budget £'m	Revised 25/26 to 29/30 Budget £'m	TOTAL £'m
<b>Finance</b>					
Evolve Project	4.982	2.500	0.000	0.000	7.482
<b>Finance Total</b>	<b>4.982</b>	<b>2.500</b>	<b>0.000</b>	<b>0.000</b>	<b>7.482</b>
<b>Assets &amp; Commercial Development</b>					
Capital Receipt Enhancement	0.170	0.000	0.000	0.000	0.170
Commercial - Commercial Investment	24.849	12.500	12.500	0.000	49.849
Depot & Office Strategy	4.160	0.000	0.000	0.000	4.160
Disabled Facilities Grants	5.000	4.000	4.000	15.000	28.000
Facilities Management Operational Estate	2.651	3.250	2.500	10.000	18.401
Gypsies and Travellers Projects	1.300	0.000	0.000	0.000	1.300
Housing Infrastructure Fund (HIF)	7.501	21.121	37.581	0.000	66.203
Porton Science Park	3.709	0.000	0.000	0.000	3.709
Health and Wellbeing Centres - Live Schemes	7.850	0.441	0.045	0.000	8.336
Non-Commercial Property Purchases	0.059	0.000	0.000	0.000	0.059
North Wiltshire Schools PFI Playing Fields	0.300	0.000	0.000	0.000	0.300
Operational Property Energy Efficiency and Generation	8.400	0.000	0.000	0.000	8.400
Park & Ride Solar Panel Canopys	3.500	0.000	0.000	0.000	3.500
Salisbury Central Car Park & Maltings	32.630	0.000	0.000	0.000	32.630
Facilities Management Investment Estate	0.630	0.250	0.250	1.250	2.380
Social Care Infrastructure & Strategy	0.634	0.000	0.000	0.000	0.634
<b>Assets &amp; Commercial Development Total</b>	<b>103.343</b>	<b>41.562</b>	<b>56.876</b>	<b>26.250</b>	<b>228.031</b>
<b>Capital Loans</b>					
Stone Circle Housing Company Loan	33.488	12.227	0.799	0.751	47.265
Stone Circle Development Company Loan	11.050	8.751	0.000	0.000	19.801
<b>Capital Loans Total</b>	<b>44.538</b>	<b>20.978</b>	<b>0.799</b>	<b>0.751</b>	<b>67.066</b>
<b>Information Services</b>					
ICT Applications	4.258	2.914	2.914	0.000	10.086
ICT Business as Usual	1.627	2.284	1.575	0.721	6.207
ICT Other Infrastructure	0.400	0.400	0.400	0.000	1.200
ICT Get Well	3.474	1.607	1.504	0.000	6.585
Microsoft Cloud Navigator	0.000	0.000	0.000	0.000	0.000
<b>Information Services Total</b>	<b>9.759</b>	<b>7.205</b>	<b>6.393</b>	<b>0.721</b>	<b>24.078</b>
<b>Resources Total</b>	<b>162.622</b>	<b>72.245</b>	<b>64.068</b>	<b>27.722</b>	<b>326.657</b>

23. The council's Asset Management Plans set out the approach to managing the council's land and property assets. The Council has asset management policy frameworks which support the overall approach of managing assets by portfolio and include areas such as disposals and acquisitions, as well as active management of the council's operational, commercial, and rural estate.
24. The council continues to focus on the most efficient use of its buildings, which includes sharing space. Wiltshire is moving to a market rent position for its tenants and has implemented a third party charging policy.
25. Wiltshire has developed community campuses and hubs in towns across Wiltshire to enable public services to co-locate and improve customer service. This programme has enabled the Council to reduce and rationalise the number of buildings it owns and their associated repair and maintenance costs. Melksham Campus is due to complete in 2023.

26. New ways of working across the County brought about by increased home working in response to COVID -19 will free up additional buildings. This will create opportunities for commercial lettings of spare space or development opportunities for jobs and homes.
27. Wiltshire Council is on the path to carbon neutral and included within the programme are schemes and projects for the estate that will assist with this, these projects include lighting upgrades, PV installations, upgraded air handling units and installation of air source heat pumps.
28. As part of the 2022/23 capital budget setting additional investment of £5.130m has been added to the programme to address essential health and safety work on the structure and lighting of car parks, repair works at Salisbury Library and for essential compliance and improvements works to the commercial and rural estate to ensure they can be marketed and relet quickly and for the best returns.
29. These programmes, totalling £47.849m, allow Wiltshire Council to deliver its statutory duties by ensuring the estate is maintained to a good standard and services can operate safely, efficiently, and effectively.
30. £31.560m is included within the capital programme for Information Services and the Evolve programme, which will implement a new Enterprise Resource Planning (ERP) system for the Council. Wiltshire Council invests in digital infrastructure to underpin all of Wiltshire operations and services and ensure communities and business can engage and transact responsively and seamlessly. The majority of these programmes are funded through borrowing.
31. The Chippenham Housing Infrastructure Fund (HIF) scheme relates to the delivery of significant infrastructure works in and around Chippenham. The budget for this scheme over this capital programme is £66.203m and is funded by external grants from Central Government following a successful application to Central Government's Housing Infrastructure Fund (HIF). This scheme will provide the infrastructure upfront to unlock housing supply to ensure people can live and work locally and play an active part in their community.
32. Stone Circle Housing and Development companies were established in 2019 to meet a range of Wiltshire's strategic housing needs and undertake residential development, predominantly on Council owned land to ensure these needs are met while increasing the potential return to the Council.
33. The aim of Stone Circle Housing Company is to meet a range of strategic housing needs facing the council that cannot easily be addressed by the Council's current approaches. Accommodation to meet the needs of specific vulnerable households in a timely manner from the existing housing stock in Wiltshire is not a priority for the Council's registered provider partners. The Council procures accommodation for homeless households that is costly and the quality and cost could be improved by private rented sector accommodation provided by a local housing company. The Stone Circle Business Plan aims to purchase 250 properties by 2025.

34. The Council has a successful programme of asset disposal. Over the next three years the Council estimates that it may be able to offer to the market sites capable of residential development which subject to planning permission could deliver over 500 units of accommodation. The Council has established Stone Circle Development Company to enable the strategic housing needs across the County to be better met while increasing the potential return that could be generated from the developments.
35. Improving housing supply is critical for ensuring people can live and work locally and play an active part in their community. We want to ensure that residents have easy access to high quality and affordable housing that's close to their family, that's right for them and in beautiful places.
36. The total budget for these schemes over the period 2021/22-2029/30 is £67.066m and will be financed by external borrowing which will be funded by returns from the Stone Circle Housing and Development companies.
37. The commercial investment capital allocation of £53.349m exists to finance investment with a service or regeneration benefit where it is also possible to achieve a return above costs. This allocation will also enable the Council to seek investment in acquisitions that could further bio-diversity net gain and it is intended that in 2022/23 a policy is adopted to support such an approach. Investment in solar panel canopies on Council sites will not only generate energy to offset the Council's energy costs but will also address the climate emergency thus furthering the Council energy carbon reductions programme in its own estate.
38. Disabled Facility programme is funded by Government grant and is forecast to be £26m across this capital programme period. This programme enables vulnerable households to remain in their homes through means tested adaptations.
39. A £31.2m budget is held over the potential future development and regeneration at the Maltings and Central Car Park sites in Salisbury. The Council had been in discussions with a lease owner around a potential acquisition to enable a strategic land assembly for future re-development, however the site and lease has recently been sold to a new owner. It is anticipated that discussions will take place with the new owner and that a decision on the likely next steps for this scheme will be made in 2022/23.



## Place (£542.165m in the period 2022/23-2029/30)

Scheme name	Revised 22/23 Budget £'m	Revised 23/24 Budget £'m	Revised 24/25 Budget £'m	Revised 25/26 to 29/30 Budget £'m	TOTAL £'m
<b>Highways &amp; Transport</b>					
Parking Contactless Machines	0.127	0.127	0.126	0.000	0.380
Fleet Vehicles	4.091	0.500	0.500	2.500	7.591
Integrated Transport	1.781	1.781	1.781	8.905	14.248
Local Highways and Footpath Improvement Groups	0.800	0.800	0.800	4.000	6.400
LED Street Lighting	0.200	0.000	0.000	0.000	0.200
Structural Maintenance & Bridges	16.140	16.139	16.139	80.695	129.113
Passenger Transport RTPi	0.695	0.000	0.000	0.000	0.695
Drainage Improvements	0.500	0.500	0.500	0.000	1.500
Major Road Network M4 Junction 17	1.007	1.233	17.033	8.567	27.840
A338 Salisbury Junction Improvements MRN	0.759	0.561	10.136	4.114	15.570
A350 Chippenham Bypass (Ph 4&5) MRN	1.091	19.056	11.070	0.000	31.217
A3250 Melksham Bypass LLM - Full Scheme	2.825	5.630	5.795	221.781	236.031
<b>Highways &amp; Transport Total</b>	<b>30.016</b>	<b>46.327</b>	<b>63.880</b>	<b>330.562</b>	<b>470.785</b>
<b>Economy &amp; Regeneration</b>					
Boscombe Down	1.191	0.000	0.000	0.000	1.191
Salisbury Future High Streets	5.005	3.214	0.000	0.000	8.219
Trowbridge Future High Streets	5.827	8.363	0.000	0.000	14.190
Carbon reduction	0.009	0.009	0.009	0.000	0.027
Wiltshire Online	0.847	0.097	0.097	0.097	1.138
<b>Economy &amp; Regeneration Total</b>	<b>12.879</b>	<b>11.683</b>	<b>0.106</b>	<b>0.097</b>	<b>24.765</b>
<b>Environment</b>					
Waste Services	1.019	0.719	0.500	2.500	4.738
HRC Savings Infrastructure	0.100	0.000	0.000	0.000	0.100
<b>Environment Total</b>	<b>1.119</b>	<b>0.719</b>	<b>0.500</b>	<b>2.500</b>	<b>4.838</b>
<b>Leisure Culture &amp; Communities</b>					
Area Boards and LPSA PRG Reward Grants	0.400	0.400	0.400	2.000	3.200
Community Projects	0.400	0.000	0.000	0.000	0.400
Fitness Equipment for Leisure Centres	0.800	0.250	0.250	1.250	2.550
Libraries - Self Service	0.500	0.000	0.000	0.000	0.500
Trowbridge Leisure Centre	2.000	13.000	10.000	0.000	25.000
Leisure Requirements	3.912	1.215	5.000	0.000	10.127
<b>Leisure Culture &amp; Communities Total</b>	<b>8.012</b>	<b>14.865</b>	<b>15.650</b>	<b>3.250</b>	<b>41.777</b>
<b>Place Total</b>	<b>52.026</b>	<b>73.594</b>	<b>80.136</b>	<b>336.409</b>	<b>542.165</b>

40. We have vibrant, well-connected communities where people can get around easily and access good services, including through digital channels. This will help grow the local economy in a sustainable way. Wiltshire invests in its infrastructure, this includes the resurfacing of roads, reactive patching, surface dressing, drainage and pothole repairs and Real Time Passenger Information. The total budget for these schemes over the period is £160.127m and is funded by a combination of external grants from central government, borrowing and developer contributions.

41. A total of £4.485m investment has been added to the capital programme for Highways and Transport projects this will enable £1.5m drainage improvement works to be undertaken to highway and land drainage assets at locations known to be vulnerable to flooding; improving safety and protecting property. Investment in the

council vehicle fleet of £1.910m will ensure front line service continue to operate effectively, the Fleet Strategy will be taken to Cabinet in 2022/23 with an emphasis on carbon neutral fleet and setting out the long terms requirements. £0.380m has been invested to replace 95 outdated car parking machines with contactless machines in Wiltshire car parks over a three year programme. £0.695m will be used to replace the current real time passenger information system which provides live data on how buses are running to the public to encourage the use of busses reducing congestion and emissions.

42. Wiltshire is currently developing major road improvements to facilitate population and employment growth, and improve the local transport infrastructure. £74.627m investment has been added for three Major Road Network Schemes; M4 Junction 17 Improvements, A338 Salisbury Junction Improvements and A350 Chippenham Bypass (ph 4 & 5) and £236.021m for Local Major scheme, the A350 Melksham Bypass.
43. The Major Road Network Schemes will be funded by a combination of Department for Transport (DfT) grant and Wiltshire Council match funding from Community Infrastructure Levy (CIL) and S106 contributions and will only proceed to construction upon confirmation of DfT grant funding. DfT grant funding has been confirmed for the A350 Chippenham Bypass.
44. The council is committed to progressing the A350 Melksham Bypass. It is a Local Major scheme which is expected to take about seven years until it is completed and will have to go through a number of stages, including planning approvals, statutory orders, public inquiry and procurement. At present funding has been included within the capital programme to full construction however financing has only been assigned to Full Business Case stage, which is expected to be submitted in 2026, and this will be through a combination of DfT grant and CIL funding.
45. The construction stage will require further funding of up to £32m from 2026/27 onwards, will depend on the successful progress through the statutory procedures and on the actual contribution required by the DfT at that time. In the meantime, the council will continue to work with the DfT to deliver this scheme to ensure the necessary funding is available.
46. The council was successful in securing Department for Levelling Up, Housing and Communities (MHCLG) grant funding for future high streets and combined with a local contribution will deliver projects in Trowbridge and Salisbury.
47. Salisbury Future High street budget of £8.219m for this period 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.
48. Trowbridge Future High Streets budget of £14,190m, will deliver 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.

49. An additional £0.838m has been added for Waste services to ensure facilities and closed sites are monitored and achieve the required environmental standards and investment at Household Recycling Centres to increase recycling.
50. £25m investment has been added to the programme to create a new Leisure facility to serve Trowbridge and the surrounding area. The facility will offer swimming, gym and sports hall services and will be part of the Trowbridge Place shaping strategy that is being developed for 2022. An additional £8.627m has also been added for improvement and refurbishment at Leisure Centres to ensure leisure services can operate effectively and commercially and become a sustainable service. These programmes directly link to the Business Plan principle of Empowering People to stay active; keeping socially, physically and mentally active has direct and positive impacts on brain function, weight management, reducing disease and the ability to enjoy life. Improving all these factors for residents will lead to greater happiness and improved independence. These scheme's will be funded by borrowing, the new facility will be a more energy efficient building than the current facilities with a reduced carbon footprint so will enable the Council to deliver a more environmentally sustainable Leisure service.

## Housing Revenue Account

Scheme name	Revised 22/23 Budget £'m	Revised 23/24 Budget £'m	Revised 24/25 Budget £'m	Revised 25/26 to 29/30 Budget £'m	TOTAL £'m
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Housing Revenue Account					
HRA - Council House Build Programme (Phase 2)	1.387	0.000	0.000	0.000	10.603
HRA - Council House Build Programme (Phase 3.1)	10.326	0.277	0.000	0.000	10.603
HRA - Council House Build Programme (Phase 3.2)	12.125	2.499	0.000	0.000	14.624
HRA - Council House Build Programme (Phase 3.3)	4.032	17.858	20.537	110.680	153.107
HRA - Refurbishment of Council Stock	17.289	17.675	15.854	84.027	134.845
<b>Housing Revenue Total</b>	<b>45.159</b>	<b>38.309</b>	<b>36.391</b>	<b>194.707</b>	<b>314.566</b>

51. The Council House Build Programme is aligned to the remodelled Housing Revenue Account (HRA) business plan 2021-2051 that was approved by Cabinet in January 2021. The total budget for this scheme over the period is £179.721m and will be funded by a mixture of grants & contributions, HRA capital receipts or by the HRA, either directly or via external borrowing (funded by the HRA). The aim of the new programmes is to deliver 1000 new homes, and where the Council is in control of development these will be carbon zero new builds.
52. The Refurbishment of Council Stock programme is for the cyclical repairs and maintenance on the council's housing stock e.g. bathrooms, kitchens, roofs boilers etc. The total budget for this scheme over the period is £134.845 million in line with the HRA business plan. The capital programme was increased for investment in all existing stock to achieve energy performance rating B.

## Capital Financing

53. The Capital Programme financing can be summarised as follows:

Funding	Revised 22/23 Budget £'m	Revised 23/24 Budget £'m	Revised 24/25 Budget £'m	Revised 25/26 to 29/30 Budget £'m	TOTAL £'m
Grants	73.152	79.999	101.497	322.968	577.616
Contributions	2.198	7.162	7.739	3.504	20.603
HRA	45.159	38.309	36.391	194.705	314.564
Capital Receipts	3.439	0.250	0.250	1.250	5.189
Flexible Capital Receipts	0.000	0.000	0.000	0.000	0.000
Borrowing - Funded by Revenue Saving in	100.787	33.478	13.299	0.751	148.315
Borrowing	82.380	44.217	38.409	21.570	186.576
Other	0.000	2.000	0.000	32.090	34.090
<b>Total Capital Programme Funding</b>	<b>307.115</b>	<b>205.415</b>	<b>197.585</b>	<b>576.838</b>	<b>1,286.953</b>

54. The Council seeks to utilise a wide range of funding to support its Capital Programme, maximising external funding opportunities, such as grants and contributions, and limiting internal sources, such as revenue funding. Capital funding sources are described below.

55. **Grants & Contributions** - Grant funding is one of the largest sources of financing for the Capital Programme. The majority of grants are awarded by Central Government departments, but some are received from other external bodies. Grants can be specific to a scheme, have conditions attached (such as time and criteria restrictions), or are for general use. S106 deposits account for the majority of capital contribution funding; these deposits are paid by developers and are ringfenced for particular projects as defined in the individual S106 agreements. Community Infrastructure Levy (CIL) can be used to fund capital expenditure in line with the council's CIL policy.

56. **HRA** – Capital expenditure for the Housing Revenue Account (HRA) is ringfenced from general fund capital expenditure and is financed by a combination of HRA borrowing and use of the ring-fenced HRA major repairs reserve.

57. **Capital Receipts** - The income received over the value of £0.010m from the disposal of Fixed Assets or the repayment of loans for capital purposes is defined as a capital receipt. They can normally only be used to fund capital expenditure or repay debt. Some capital receipts have additional restrictions on their use. The council seeks to obtain the highest possible receipt achievable from each disposal after considering wider community or service benefits. HRA receipts generated from the disposal of HRA assets are ringfenced to fund HRA projects.

58. **Borrowing (funded by revenue savings in service)** – There are a small number of schemes in the Capital Programme that are funded by borrowing where the anticipated revenue saving arising from the capital investment will be utilised to fund the costs of borrowing. These schemes, and the associated amount of borrowing to be funded from savings and income generated are:

Scheme name	Revised 22/23 Budget £'m	Revised 23/24 Budget £'m	Revised 24/25 Budget £'m	Revised 25/26 to 29/30 Budget £'m	TOTAL £'m
Commercial - Commercial Investment	24.849	12.500	12.500	0.000	49.849
Stone Circle Housing Company Loan	33.488	12.227	0.799	0.751	47.265
Stone Circle Development Company Loan	11.050	8.751	0.000	0.000	19.801
LED Street Lighting	0.200	0.000	0.000	0.000	0.200
Salisbury Central Car Park & Maltings	31.200	0.000	0.000	0.000	31.200
<b>Total Funding</b>	<b>100.787</b>	<b>33.478</b>	<b>13.299</b>	<b>0.751</b>	<b>148.315</b>

59. **Borrowing** - The council can determine the level of its borrowing for capital financing purposes, based upon its own views regarding the affordability, prudence and sustainability of that borrowing, in line with the CIPFA Prudential Code for Capital Finance. Borrowing levels for the Capital Programme are therefore constrained by this assessment and by the availability of the revenue budget to meet the cost of this borrowing which is built into the Council's Medium-Term Financial Strategy (MTFS).
60. **Revenue Funding** - The Council can use revenue resources to fund capital projects on a direct basis. However, given the pressures on the revenue budget of the Council, there are currently no plans to finance any of the current capital programme by revenue funding and it is unlikely that the Council will choose to undertake this method of funding in the future if other sources are available.

## Capitalisation

61. The Council has a set of Accounting Policies that are approved annually by the Audit Committee that set out the Council's approach to capitalisation and are based upon guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and take account of local circumstances.
62. The approved Accounting Policies are published within the Statement of Accounts and include policies on all the key accounting matters that affect the figures and disclosures in the statements.
63. Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense to the revenue account when it is incurred.

## KNOWLEDGE AND SKILLS

64. The Capital Strategy has been developed by Officers of the Council, who have relevant knowledge and technical skills. In addition, external advice and management is employed by the Council procuring and appointing suitably qualified advisors and managers to support the development, operation and design of the programmes.

### Consultants

65. The Council will use external consultancy services where there is a requirement to do so. A contract is in place for Treasury Management advice which includes advice on borrowing.

### Training

66. In order to ensure that members and Statutory Officers have appropriate capacity and skills regarding their involvement in the investment decision making the following steps are required:

- Training given to Members in all aspects of the Statutory Guidance, the assessment of individual investments and risk.
- Technical training given to Statutory officers and those officers negotiating commercial deals in the technical fields of investment evaluation and requirements of the statutory guidance and prudential code.
- Briefings to members of the relevant committees in advance of any investment decision making prior to a decision being brought forward to the committee covering all aspects of the assessment as well as the strategic fit.

67. The Corporate Governance arrangements around decisions on non-financial investments will follow the rigour of our normal committee arrangements. The relevant Cabinet Members will be fully briefed in terms of the full details of the assessment including external advisor reports. Scrutiny will review all such individual decisions in advance of a Cabinet decision.

## Financial Implications

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

69. The revenue implications (Minimum Revenue Provision and External Interest) of funding the capital programme have been estimated and have been included in the council's 2020/2021 revenue budget setting report as well as in the Medium-Term Financial Strategy and are summarised as follows:

Scheme name	Revised 22/23 Budget	Revised 23/24 Budget	Revised 24/25 Budget	TOTAL
Revenue Cost of Capital Financing	26.841	35.774	39.257	101.872

## **Workforce Implications**

70. Staff who are working on specific schemes within the capital programmes will be funded from the capital programme for the duration of the programme of work and therefore will be funded temporarily. This means that there may be implications for those staff at the end of the programme of work. However, the council has in place robust policies and procedures to support this.