

Wiltshire Council

Cabinet

13 October 2020

Questions from Ian James

**Agenda Item 7 – Financial Year 2020/21 – Month 5 Budget Monitoring
Agenda Item 10 – Chippenham Housing Infrastructure (HIF)**

**To Cllr Pauline Church – Cabinet Member for Finance, Procurement and
Commercial Investment**

**Cllr Philip Whitehead – Leader of the Council and Cabinet Member for
Economic Development, MCI and Communications**

Statement 1

With reference to the budget submitted it appears the gross financial impact of COVID 19 is £142m and increase of £8.1m since July. The financial impact to the Council is running at £30-£35 m a quarter.

With no vaccine in sight, with a second spike looming, and hospital beds in demand, not only will the Council be paying the CCG to empty the beds for potential COVID 19 patients the continued drain on Council resources will continue.

Unemployment is about to rocket as the furlough scheme comes to an end, business rates will collapse, and companies are downsizing as employees work from home, and offices become vacant.

Question 1:

How can you state at para 122 that this is an improving position.?

Response:

As the paragraph states the Council had forecast an overspend for the year of between £18m to £51m in May, this consolidated to £50m in June and then reduced to £36m in July. This report shows the overspend is now forecast at £4.6m, hence an improving position. Paragraph 123 and 124 then adds that the forecast variables, some of which mentioned in the statement, have been factored in for the remainder of the financial year, but acknowledges the level of uncertainty and volatility being faced.

Question 2:

The General Fund reserve is running at just under £11m.

In order to prevent a S114 being imposed on the Council how do you intend to balance the books with the impending increase in spending on COVID 19 into 2021/2022?

Response:

The detail of the Council's budget proposals for 2021/22 will be considered at future Cabinet meetings. The Council has a legal obligation to put forward a balanced budget, and the level of reserves and robustness of budget estimates forms part of the budget setting considerations by the Councils Section 151 officer

Question 3:

At the March meeting at the height of the COVID 19 pandemic the Cabinet advanced £4.220m from the capital pipeline budget to the Future Chippenham Team, this is approximately the sum that the Council is in deficit at this present time.

Response:

These numbers are coincidental. The £4.220m, is capital while the forecast deficit is revenue; capital funds cannot be used to fund revenue activities.

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Question 4:

Please supply staff numbers on the Future Chippenham Team, remuneration packages for each employee, accommodation costs, and IT support costs. This is a large amount of public money at this time of crisis, please can you provide a detailed answer as to how this money is being spent.

Response:

There is no dedicated Future Chippenham Team, the project is now within the Major Projects Team utilising existing resource capacity. Employee's salaries and expenses over £50k are published on the Council's website as a legal obligation under the Local Authority Transparency Code 2015

Question 5:

If for any reason the Chancellor stops funding the Council's overspend as he may well do, as he has stated I cannot save every job, how will Wiltshire Council balance the books? A loss of Services?, a loss of Staff?

Response:

At the moment the Council is forecasting an overspend of £4.6m and although every effort will be made in bringing this back to balance, if not the general fund reserve will be used to cover the shortfall, as detailed in the report.

Statement 2:

Do not agree to the HIF contract today which may bankrupt the Council if it fails to meet the deadlines incorporated into the contract, as has been stated this is a high risk project which the Government is only providing £75m to construct a road.

By all accounts reputable engineering companies have stated that this road will cost far more than the £75m, if this is the case, the contract states a level of upfront investment will be required from the Council.

Question 6:

Where will this upfront investment come from? The accounts show just £11m in the General Fund reserve, unless there is more money tucked away?

Response:

The details on the cost of the strategic infrastructure, the HIF funding and Councils upfront investment, together with the recovery strategy is provided in the confidential Part II section of the report. The general fund reserve will not be utilised to fund any upfront investment.

Question 7:

If the Council fails to deliver the road infrastructure as agreed in the contract, and the Council defaults, it will required to pay back the £75m with interest or a proportion thereof. How does the Council intend to pay this default sum, and from what account?

Response:

As stated in the cabinet report there are mechanisms within the contract covering general default and fundamental default. The risks and mitigations are also explained.

Statement 3:

Cabinet has to fully understand the risks of this HIF bid, this is not just a road, it is a railway crossing over one of the busiest lines in the country, there is a river bridge across the River Avon, one of the deepest and fast flowing rivers in the UK, with a bridge span over 500m across a flood plain, and additionally a further bridge

crossing across the River Avon downstream. This road construction is full of risk to the Council financially should the timeframe slip beyond March 2024.

Question 8:

What contingency planning has been undertaken by Finance to fund this project should it over run and cost considerably more than the £75m?

Response:

Estimated costs, which are included in the confidential report, include an element of contingency and risk funds. As stated in the cabinet report the Council will not enter the GDA unless the recovery strategy is approved by Homes England, which ensures that the Council recovers capital and associated revenue costs.