

30 November 2021

Subject: Financial Year 2021/2022 - Quarter Two Capital Budget Monitoring

Cabinet Member: Cllr Pauline Church – Cabinet Member for Finance & Procurement, Commissioning, IT, Digital and Commercialisation

Key Decision: Non-Key

Executive Summary

This report sets out the Capital Programme for 2021/22 as of 30 September 2021 for the second quarterly budget monitoring period. It includes the movements from the original budget set by full Council in February 2021 to the revised programme and sets out how the programme is forecast to be financed. It provides an update on the significant programmes that are planned to be delivered and those that have been reprofiled to future years.

Quarter Two Capital Budget Monitoring

The quarter 2 Capital programme is based on information as of 30 September 2021. The report confirms the current forecast movement of approvals between years as schemes have been assessed and the spend profile recast.

Proposal(s)

Cabinet is asked to note:

- a) the additional capital budgets of £0.164m that have been added to the 2021/22 programme under Chief Finance Officer delegated powers;
- b) the reduced capital budgets of £2.620m as approved by Cabinet as part of the quarter 1 report;
- c) The reprofile of £55.759m of budgets into future years under Chief Finance Officer delegated powers;
- d) Budget Movements between Schemes;
- e) The Revised 2021/22 Capital Programme as at quarter 1 of £166.340m; and
- f) The Capital spend as of 30 September 2021 of £43.379m

Cabinet is asked to approve:

- g) Allocate and re-profile £0.275m capital budget from Other Capital Schemes to be confirmed to Electric Vehicle Charing Infrastructure Plan in line with the cabinet recommendations on the 12th October 2021;
- h) Allocate and reprofile £0.860m capital budget from Other Capital Schemes to be confirmed to Depot Strategy to cover the forecast overspend on phase 1;
- i) Remove the remaining budget of £1.117m from Other Capital Schemes to be confirmed all future new capital requests will need to go to cabinet and then on to Full Council if committing the Council to new borrowing;
- j) Increase Capital Receipt Enhancement Budget by £0.500m to fund the demolition of former Christie Miller leisure centre in Melksham, which will be financed from future capital receipts;
- k) The change that the tenant at Porton Innovation Centre will now pay for the furnishing and the Council will continue to pay for the Mechanical and Engineering but recover the cost over ten years instead of five as originally approved by Cabinet in June 2021; and
- l) That the £0.400m allocated towards the replacement of Millstream Approach East Bridge is no longer required following the outcome of structural assessment work. To approve that £0.150m of this budget can be reallocated to the redevelopment of the coach park and approve the removal of the remaining budget from the capital programme.

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 financial position of the Council on the 2021/22 capital programme as at quarter 2 (30 September 2021).

Terence Herbert
Chief Executive

Wiltshire Council

Cabinet

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Cabinet Member: Cllr Pauline Church – Cabinet Member for Finance & Procurement, Commissioning, IT, Digital and Commercialisation

Key Decision: Non-Key

Purpose of Report

1. To advise Members of the 2021/22 Capital Programme position as at quarter 2 (30 September 2021) with suggested actions as appropriate.

Relevance to the Council's Business Plan

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

Background

CAPITAL PROGRAMME MONITORING 2021/22 – QUARTER TWO

3. The Council approved a net capital programme budget for 2021/22 of £214.351m at its meeting on 23 February 2021. As part of in year budget monitoring and the final year end position Cabinet approved the reprogramming of £6.392m and slippage of £20.340m into 2021/22, this increased the Capital programme to £241.083m.
4. As part of the quarter 1 capital programme report actions were recorded which amended the capital programme budget to £224.555m as of 20th June 2021.

Main Considerations for the Council

5. As part of quarter 2 review the Chief Finance officer has authorised the addition of £0.164m budget under his delegated powers. These increases are set out in Appendix B and discussed later in the report, these increases have no effect on the net funding position of the programme or the approved borrowing level.
6. Capital schemes have also been reviewed and £55.759m budget has been reprogrammed into future years to align with forecast programme delivery. There are no negative financial or reputational implications to report from this re-programming.

7. In line with the approvals sought in the Capital Programme Q1 report £2.620m budget has been removed from the programme.
8. The Capital Programme for 2021/22 stands at £166.340m as of 30 September 2021 after the above changes have been made. The table below summarises the budget movements discussed.
9. Cabinet is asked to authorise the allocation and reprofile of £0.275m to Electric Vehicle Charging Infrastructure Plan and £0.860m to Depot Strategy Phase 1 from the Other Capital Schemes to be confirmed budget.
10. Cabinet is asked to authorise the removal of the remaining budget of £1.117m allocated to Other Capital Schemes to be confirmed. All future new capital requests that commit the Council to new borrowing will need to go to Cabinet and then on to Full Council.

Table 1 – 2021/22 Q2 Capital Programme Amendments

Capital Programme 2021/22 as at 30th June 2021	224.555
Amendments to Capital Programme Authorised as part of from Qtr. 1 Review to Note:	
Budget removed form the programme	-2.620
Amendments to Capital Programme from Qtr. 2 Review to Note:	
Additional budgets added to the programme	0.164
Budgets reprogrammed from 2021/2022 into future years	-55.759
Capital Programme 2021/22 as at 30th September 2021	166.340
Requested Budget Movements for approval Qtr.2	
From: Other Capital Schemes to be Confirmed	-1.135
To: Electric Vehicle Charging Infrastructure Plan	0.275
To: Depot Strategy Phase 1	0.860
Requested Budget reductions for approval Qtr.2	-1.117

11. The programme remains ambitious, historically Wiltshire Councils average annual Capital Programme spend is circa £100m. There are however some significant schemes included in the programme that is driving the budget level, these are detailed in the report below.
12. As reported nationally shortages in supply chain in relation to materials, drivers and workforce is creating high risk with deliverability and price for capital projects. Construction material prices have seen increases in the region of 30%-40% and availability of key materials is becoming an increasing issue. This is currently being managed within built in contingencies but could present bigger issues in future months as this position looks set to continue.
13. The total capital expenditure as at quarter 2 is £43.379m, approx. 26% of the total budget. The low spend figure is an indication that schemes are

progressing slower than anticipated, however officers are still forecasting that these schemes will progress and spend to budget in 2021/22. It should also be noted that the spend figure does not include commitments, officers are advising that work has been completed and not invoiced or is scheduled for completion in 2021/22.

14. As previously reported in quarter 1 report the biggest implication from not delivering the capital programme as planned is linked to schemes funded by borrowing. This impacts on the Financing and Investment Income and Expenditure revenue budget which is set based on the programme for the previous financial year. £1.869m underspend on the Financing and Investment Income and Expenditure budget was reported at quarter 1, this has increased to £1.926m.

15. The 2021/22 capital schemes funded by borrowing inform the Financing and Investment Income and Expenditure budget for 2022/23, if the programme is set too high and is not deliverable then revenue budget is set aside that is not required and is diverted away from key services. The programme needs to be reviewed to ensure it is robust and achievable and to inform the 2022/23 Budget setting process.

16. A detailed financial position by scheme is shown in Appendix A for cabinet to review. The summary position is shown in the table below.

Table 2 – 2021/22 Q2 Capital Programme

	<i>Original Budget Approved Feb 2021</i> A £m	<i>Revised Budget</i> B £m	<i>Actual Spend as at Qtr. 2</i> C £m	<i>% Actual to Budget</i> C/B £m
Corporate Director - People	33.597	21.474	5.939	28%
Corporate Director - Resources	83.988	51.021	11.983	23%
Corporate Director - Place & Environment	65.189	71.816	18.386	26%
General Fund Total 2021/22	182.774	144.311	36.308	25%
Housing Revenue Account	31.577	22.029	7.071	32%
General Fund and HRA Programme 2021/22	214.351	166.340	43.379	26%

People

17. The table below shows the quarter 2 capital programme summary position for People Directorate. The revised budget stands at £21.474m and spend is currently at 28%. A new budget line has been included for the investment in Children's Homes as approved in the quarter 1 report.

18. As approved in the Prioritisation of Community Infrastructure Levy Spending Cabinet report in September, £6.43m CIL funding has been approved for the Phase 1 expansion of Abbeyfield School. This has been actioned and the profiled budget can be seen on Appendix B, £0.094m was added into the 21/22 budget.

19. £8.5m budget has been reprogrammed into future years in line with current delivery plans.

Table 3 – 2021/22 Capital Programme, People Services

	<i>Original Budget Approved Feb 2021</i> A £m	<i>Revised Budget</i> B £m	<i>Actual Spend as at Qtr. 2</i> C £m	<i>% Actual to Budget</i> C/B £m
Education & Skills	23.619	15.066	5.046	33%
Joint Commissioning	9.978	5.888	0.893	15%
Children's Social Care	0.000	0.500	0.000	0%
Learning Disabilities & Mental Health	0.000	0.020	0.000	0%
Corporate Director - People	33.597	21.474	5.939	28%

Education & Skills

20. 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 were completed over the summer holiday period, although invoices were not received and paid during Q2 the funds have been committed and projects completed. In addition, £0.800m was set aside to fund reactive/emergency works including those identified through ongoing servicing. This has resulted in many additional projects already underway at schools and will continue to fund others as we go into the Winter season. A large scheme to replace time expired temporary accommodation at Preshute Primary has completed over the summer.

21. Expansion projects also underway include expansions to Lea and Garsdon Primary School, Bitham Brook Primary School, Marlborough St John's and the provision of a new Alternative provision unit at Hope Nature Centre. During the summer, works also took place at several schools to make them accessible for pupils with additional needs joining from September 2021.

Joint Commissioning

22. SEND capital schemes are on track to deliver benefits for Wiltshire children and young people with SEND. In June we updated the Department of Education on how we have used £1.360m from them to support the creation of 155 additional high needs places over the last three years.

23. Wiltshire has been awarded a further £2.055m which is to be used to deliver further places primarily for September 2022. Funding will be committed throughout the year in line with local priorities and needs identified through a Specialist Provision Strategy.

24. The Silverwood build programme is progressing at pace, with a detailed build design finalised through a successful and extensive programme of co-design with pupils, parents and carers, staff, and governors. On 13th July Cabinet approved a further £5.283m to be reprofiled to £3m in 2023/24 and £2.283m in 2024/25. The additional capital was allocated in recognition of

increased and unforeseeable cost pressures due to a combination of factors including extreme volatility in the construction market with significant increases in material prices and challenges in supply, and the unique nature of the site requiring measures to protect its biodiversity.

25. Planning permission was granted recently, and the Council continues to work closely with the main construction partner, Willmott Dixon, over the rest of the year in preparation for a start of the main construction works in March 2023. Some enabling works will be taking place during the autumn to ensure the site is prepared for the main programme start in March.
26. 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 we have sufficient capacity for learners requiring specialist provision through the SEND Special School Capacity and Alternative Provision budget. This will see the creation of 64 new specialist provision places across the county for September 2021 in both special schools and resource bases.
27. The delivery plan has been reviewed and, due to planning and impact of COVID-19, £6m budget has been reprogrammed into future years to match the revised profile.

Children's Social Care

28. As part of Capital Programme quarter 1 report recommendations and approvals a new capital budget of £1.5m has been added to the programme and budget moved from Other Capital Schemes to be approved. This was to enable a capital grant bid to be submitted to the DfE for building, buying or refurbishing children's residential homes to meet growing demand.
29. Corporate leadership team will be considering options from officers which range from new build construction to purchase of an existing property. Operational model options include operating in house or, commissioning an experienced provider to operate from the building. Quality, safeguarding flexibility and value for money will inform decision making.

Resources

30. The table below shows the quarter 2 capital programme summary position for Resources Directorate. The revised budget stands at £51.021m and spend is currently at 23%.
31. Budget of £2.545m has been removed from Wiltshire College Loan as part of the approvals from the quarter 1 report.
32. £34.136m budget has been reprogrammed into future years; this will be discussed in more detail below.
33. It is recommended that Cabinet allocate and re-profile £0.275m to Electric Vehicle Charging Infrastructure Plan as presented and approved in the

cabinet report on the 12th October 2021 and £0.860m to Depots Strategy Phase 1 to cover the forecast overspend; from Other Capital Schemes to be confirmed budget. The remaining budget of £1.117m on Other Capital Schemes to be confirmed is then recommended to be removed from the programme.

Table 4 – Capital Programme 2021/22, Resources

	<i>Original Budget Approved Feb 2021</i> A <i>£m</i>	<i>Revised Budget</i> B <i>£m</i>	<i>Actual Spend as at Qtr. 2</i> C <i>£m</i>	<i>% Actual to Budget</i> C/B <i>£m</i>
Housing & Commercial Development	31.973	28.500	6.626	23%
Capital Loans to Stone Circle	33.827	11.561	3.211	28%
Digital & Information	18.188	6.960	1.612	23%
Resources	0.000	4.000	0.534	13%
Corporate Director - Resources	83.988	51.021	11.983	23%

Housing & Commercial Development

34. A restricted Cabinet report for the Housing Infrastructure Fund and Lackham College land purchase went to Cabinet in July 2021, discussions are ongoing with landowners and Homes England, it is likely that budgets will need to be reprofiled in line with the revised programme, this will be actioned once approved.
35. Three main expansion and refurbishment projects at Highway Depots are underway this year. Wootton Bassett and High Post are due for completion in October 2021, and Warminster is due to complete 2022.
36. Two further projects for a new depot in the south west, Hindon Stagger and the refurbishment and expansion of Parsonage Way in Chippenham. Due to necessary changes in scope, and unforeseen site complexities an overspend of £0.860m is forecast for these two sites, the forecast includes standard capital project contingency.
37. The forecast for Hindon Stagger has increased due to increased costs for the removal of contaminated chippings and for the utility supply. At Parsonage Way unfavourable ground conditions were uncovered that has meant a different design is now required and it was necessary to enlarge the garage storage area to accommodate the allocated gritter vehicles.
38. It is recommended that Cabinet approve £0.860m from the Other Capital Schemes to be approved budget. The Depot Phase One programme covers five sites so there is potential that as schemes complete there could be underspends as each site has a contingency budget, this will be managed within the whole programme and any underspend released once the full programme completes.
39. The recommendation to increase the Capital Receipt Enhancement budget by £0.500m will support the capitalisation of the former Christie Miller leisure centre in Melksham demolition costs and it is recommended to fund the

works from future capital receipts. A valuation has been undertaken which confirms that the asset value would be enhanced by undertaking the demolition.

40. Operational Property Energy Efficiency and Generation and Public Sector Decarbonisation budgets have multiple projects underway to reduce the council's carbon emissions and generate utility cost savings from the property estate. These projects include lighting upgrades, PV installations, upgraded air handling units, and the installation of air source heat pumps and include all types of property in the estate including leisure centres, depots, respite centres and hub buildings. Combined these programmes are forecast to spend £6.485m in 2021/22, for the quarter 2 review £1m was reprogrammed into future years to match delivery plans.
41. £4.042m budget is for Facilities Management works and covers essential projects on the council's property estate to repair and maintain buildings and systems to keep them open and safe.
42. Included within 2021/22 is a £0.400m budget under Salisbury Central Car Park and Maltings for the replacement of the Millstream approach East Bridge. The outcome of structural assessment is that this work is not required as it found that the bridge could deal with the expected loading providing its condition was monitored and abnormal loads re-routed via other routes.
43. The bridge replacement was linked to the redevelopment potential of the Maltings Central Car Park site and the delivery of the River Park masterplan. The Council is collaborating with the Environment Agency on the River Park project. The coach park is a fundamental element on the River Park masterplan. The Environment Agency is currently raising and resurfacing the coach park as part of the current project, but further work will be required to redevelop it in line with the master plan objectives for an improved visitor gateway to the city. The Council could plan these works now and take the opportunity to accelerate the regeneration of the coach park and avoid duplication of some works, which would lower the reputation and economic risk profile by removing delay.
44. Cabinet is asked to approve £0.150m of the East Bridge £0.400m budget is reallocated to the redevelopment of the coach park and that the balance after covering the structural assessment is removed from the capital programme as is no longer required.

Capital Loans to Stone Circle

45. This represents the capital loan funding to Stone Circle companies for 2021/22. The Stone Circle governance review went to Cabinet in September and the company are working on an updated Business Plan to address the actions in the report. £21.466m budget has been reprogrammed into future years for Stone Circle Housing Company in line with current delivery, there are insufficient properties coming to the market within business plan parameters and as such the number of properties being purchased is less than originally anticipated.

46. As at 30th September, for 2021/22 15 properties had been purchased, this brings the total Stone Circle Housing portfolio to 29.
47. Stone Circle Development Company has 5 schemes in its approved Business Plan. Priestly Grove is now at planning stage, with a 9-unit scheme submitted in May 2021. Ashton Street and Marlborough Resource Centre are well underway and planning applications will be submitted in the Autumn. Tisbury Spots Centre and Stoneover Lane RWB are in development stage and going through pre application advice. £1m budget has been reprogrammed into future years in line with current delivery plan.

Digital and Information

48. 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 will also be undertaken this financial year.
49. The Microsoft Navigator budget is fully committed and has been allocated to Automation as part of Organisational Recovery. This work is going to expand the use of Robotic Process Automation to automate simple tasks across the Council. This engagement will also deliver an automation team within Wiltshire Council so more tasks can be automated in the future internally without relying on 3rd parties to design and implement such automations.

Resources

50. The core project under Resources is the Evolve programme, which is the procurement and implementation of a new Enterprise Resource Planning (ERP) system for the Council. The budget has been reprofiled to align to programme delivery. The contract has been awarded and is in the process of being finalised. The new system is planned to go live towards the latter end of the 2022 calendar year with SAP expected to be decommissioned by March 2023.

Housing Revenue Account (HRA)

51. The table below shows quarter 2 capital programme summary position for the Housing Revenue Account. The revised budget stands at £22.029m and spend is currently at 32%.

Table 5 – Capital Programme 2021/22, HRA

	<i>Original Budget Approved Feb 2021</i> <u>A</u> £m	<i>Revised Budget</i> <u>B</u> £m	<i>Actual Spend as at Qtr. 2</i> <u>C</u> £m	<i>% Actual to Budget</i> <u>C/B</u> £m
Housing Revenue Account	31.577	22.029	7.071	32%

52. 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.

53. The Council House Build Programme has progressed well with the three section 106 purchases, with all fifty-two units due to be on site by the end of this year. Six shared ownership units, in Upavon and Chippenham are due to be handed over by the end of December with a further seven due to complete by the end of the financial year.

54. The purchasing programme, where the Council re-purchases Right To Buy properties, is on track with five units completed to date and a further nine units expected to complete by the end of the financial year.

55. Five New build units are due to start on site in December with the demolition of the former Youth Centre at New Zealand Avenue, Salisbury, this is pending planning variation determination due in November. Nineteen Modern Methods of Construction units are awaiting planning determination and are due to start on site in the new year. The modules themselves are already 50% completed and in the factory awaiting planning permission to enable the external façade, windows and doors to be fitted before being transported to site.

Place and Environment

56. The table below shows the quarter 2 capital programme summary position for Place and Environment Directorate. The revised budget stands at £71.816m and spend is currently at 26%.

57. A total of £0.096m has been added to the Capital Programme and the profiled budget can be seen on Appendix B, £0.070m was added into the 21/22 budget. This is for a successful grant bid to the Forestry Commission for the Treescape Fund for Bradford on Avon. The scheme will be managed by the Town Council and will be used for tree planting outside of woodlands.

58. A total of £8.249m has been reprogrammed into future years in line with current delivery plans.

Table 6 – Capital Programme 2020/21, Place and Environment

	Original Budget Approved Feb 2021	Revised Budget	Actual Spend as at Qtr. 2	% Actual to Budget
	A	B	C	C/B
	£m	£m	£m	£m
Economic Development & Planning	11.282	22.332	0.072	0%
Highways & Environment	27.288	33.940	12.437	37%
Communities & Neighbourhood	26.619	15.544	5.877	38%
Corporate Director Place & Environment	65.189	71.816	18.386	26%

Economic Development & Planning

59. There are four significant schemes included in the revised 2021/22 programme under Economic Development and Planning the budgets in 2021/22 are Porton Science Park phase two £7.756m and West Ashton Urban Extension Project at £8.784m, Salisbury Future High Street £2.593m and Trowbridge Future High Street £2.157m.

60. The Council's main building contractor McAvoy started on site at Porton Science Park on the 2nd of August 2021, the builders have established their site compound and begun clearing the site, the foundation work is almost complete. Work has begun on the modules in the factory in Ireland and these are programmed to be transported to site in December/January. Funding agreement with the SWLEP for the Getting Building Funding has been signed and agreement for ERDF grant is in the process of being sealed. The programme is on track to open the second phase building in spring 2022.

61. In June 2021 cabinet approved a £0.530 million capital programme commitment to cover the estimated total cost of fit-out works for a new tenant at the new Porton Innovation Centre, this was to be recovered within a five-year period from the tenant. Due to abnormal inflation in build costs brought about in part by the Covid-19 pandemic, the total fixed price estimate for these costs has increased to £0.6 million.

62. Furthermore, negotiations with the prospective tenants reveal that it is unable to pay the full capital costs of both the Mechanical and Engineering required for their fit out, and the furnishings needed to convert the shell space to an office specification, either up front or within a five-year term. To accommodate this high-value employer, it is recommended that the Council pay for the capital cost of Mechanical and Engineering at £0.500m and that this is recovered from the tenant through an uplift in rent over a longer period than originally agreed of ten years, this will be in line with the lease the tenant will take. The tenant shall pay for its furnishings to convert the shell space to office itself at £0.100m. This will ensure that the council achieves its targeted occupancy level for the Grow On space at the Porton Innovation Centre, remains on target to break even on the scheme at year 4, and does not incur any additional costs than those previously approved by Cabinet in June 2021.

63. Cabinet is asked to acknowledge the increased cost of fitout for the new tenant at Porton Innovation Centre and approve the increase to the repayment period from five years to ten years.

64. The West Ashton Urban Extension scheme will unlock 2,200 houses on the site. The grant will be passported to Persimmons upon reaching the relevant milestones. The Housing Infrastructure Funding grant is revolving, which means that it will be repaid to the council by the developer as the new houses are occupied. The council will agree with Homes England other housing schemes in Wiltshire which have viability issues which the funding can then be reinvested into, accelerating the delivery of further new housing for our communities.
65. 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.
66. 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.
67. The programmes are both at mobilisation and design stage with engagement planned to start next year. The programmes are profiled to be delivered by March 2024 in line with MHCLG funding timescales.

Highways & Environment

68. Highways & Environment covers the major maintenance for Highways including flooding prevention and drainage. The works programme is all on track to spend in full for 2021/22.
69. The LED project to convert 40,000 streetlights to LED is due to complete in December 2021. 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.
70. The Major Road Network budget is for preparatory work on the A350 Melksham Bypass, A338 Salisbury Junction Improvements, A350 Chippenham Bypass (Ph 4 & 5), and M4 Junction 17 Improvements to prepare the Outline Business Cases (OBC). If the Department of Transport approve the OBCs they will provide further funding to help develop the Full Business Cases, Cabinet update reports and any relevant approvals will be sought at this time.

Communities & Neighbourhood

71. Melksham Campus construction started on site in March 2021, with a 63-week programme, budget has been aligned to match programme delivery with £2.280m reprogrammed into future years. The site is on programme to open in Autumn 2022.

72. Planning has been granted for Melksham House and demolition is planned to start at the end of year in advance of the access road being constructed. The Government levelling up funding bid was unsuccessful; options are being developed and will be presented as a separate Cabinet report in the future.

Capital Programme 2021/22 Funding

73. The Capital Programme for 2021/22 has been financed as shown in the table below as at quarter 2.

Table 7 – Capital Programme 2021/22 Funding

Funding	£'m
Grants	69.712
Contributions	3.169
HRA	21.482
Capital Receipts	3.238
Borrowing Funded by Revenue Savings in Service	4.274
Borrowing	52.904
Stone Circle Capital Loan	11.561
Total Capital Programme 2021/22	166.340

74. The Council bid for and receive Government and third party grants, these come from various departments including Department for Transport, Homes England, Department for Business, Energy and Industrial Strategy, Ministry of Housing, Communities and Local Government and Department for Education.

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

76. The HRA finances its capital programme depending on sources available in that financial year with the aim of minimising borrowing. The new build programme financing has been delegated to the Corporate Director of Resources and the Director of Housing and Commercial. Funding sources are the HRA Revenue and Capital Reserves, Right to Buy receipts, shared ownership receipts, commuted sums, grants, and as a last resort borrowing.

77. The General Fund borrowing figure of £57.178m, 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 2021/22 a revenue saving of £1.926m (for MRP and Interest payable) has been reported as a result of the reduction in the 2020/21 capital programme year end position.

78. The 2021/22 capital schemes funded by borrowing inform the Financing and Investment Income and Expenditure budget for 2022/23, the

programme therefore needs to be deliverable to ensure that revenue budget is not set aside unnecessarily and diverted away from key services. The programme needs to be reviewed to ensure it is robust and achievable, this will be done as part of budget monitoring and the quarter 2 review will be key to informing the 2022/23 budget setting process.

79. The Council brought forward into 2021/22 £7.582m of capital receipts and is forecasting to achieve £4.043m receipts from the disposal on assets in 2021/22. This is a reduction of £0.326m from quarter 1 report, forecast receipts have been updated, 5 sites have slipped to future years and 4 additional receipts were secured from restructuring leases after approaches from Headleasees. £3.238m of capital receipts are planned to be used to finance the capital programme and £3.893 under Capital Receipts flexibilities to fund transformational schemes. This would leave a balance to roll forward to 2022/23 of £4.495m.

Overview and Scrutiny Engagement

63. Regular reports are taken to Overview & Scrutiny relating to the Council's financial position.

Safeguarding Implications

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

Public Health Implications

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

Procurement Implications

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

Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

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

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

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

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

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

Financial Implications – S151 commentary

71. The financial implications are implicit throughout the report.
72. As part of the budget monitoring process reviews are carried out of the likely timing of the delivery of the schemes within the Capital Programme. Following the review that was carried out as part of quarter one monitoring a further review has been carried out and £55m of spend is now forecast in future years as the delivery of some schemes has been assessed in more detail. This review and more specifically the funding of the schemes that have been reprofiled is assessed to ensure the financial impacts on areas such as the revenue budget are identified and included in the council's future budget requirements.
73. These reviews will continue as part of the quarterly budget monitoring process so that forecasts are made with greater confidence and the understanding of future funding requirements for borrowing and impact on the budget requirement for 2022/23 and future years is understood.

Legal Implications

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

Workforce Implications

75. 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

76. 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

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

Andy Brown (Corporate Director - Resources & Deputy Chief Executive),
andy.brown@wiltshire.gov.uk

Report Authors:

Andy Brown, Leanne Sykes, Lizzie Watkin, Assistant Director of Finance and Deputy S151 Officer - andy.brown@wiltshire.gov.uk,
leanne.sykes@wiltshire.gov.uk, lizzie.watkin@wiltshire.gov.uk
Marie Taylor, Head of Finance, Children & Education
Neil Haddock, Head of Finance, Adults

19/11/2021

Appendices

Appendix A: Capital Programme Report Q2 2021/22

Appendix B: Capital Programme Adjustments Q2 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 2021/22, Quarter One Capital Monitoring Report – Cabinet, 14
September 2021

<https://cms.wiltshire.gov.uk/ieListDocuments.aspx?CId=141&MId=13771&Ver=4>