

**Wiltshire Council**

**Cabinet**

**2 February 2021**

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**Subject: Budget 2021/22 and Medium Term Financial Strategy 2021/22 to 2024/25**

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

**Key Decision: Yes**

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**Executive Summary:**

The report presents members with the proposed 2021/2022 Budget and Medium Term Financial Strategy (MTFS) 2021/22 to 2024/25.

Despite an extraordinary year dealing with and responding to the COVID-19 pandemic, the Council's financial management and spending controls together with emergency funding from Government has seen a forecast balanced budget by the end of the 2020/21 financial year.

This places the Council in a strong position going into 2021/22, and during the financial year over £4m has been set aside to equalise out the impact on services in setting the 2021/22 budget, with further provision now being set aside to mitigate risk that may arise from expected latent demand for services.

It has also been an extraordinary year in which to set a balanced budget, and the impact of the pandemic on the Council's finances has been profound. The 2021/22 budget therefore represents a one year holding budget, backed, as a result of the COVID-19 pandemic, by a one year funding settlement from Government resulting in the expected fair funding review being deferred. 2021/22 follows a year of unprecedented challenge and upheaval, and there is still a degree of uncertainty that remains in the assumptions for planning for 2021/22, and little certainty over what lies ahead for 2022/23 and future years.

The 2021/22 budget will ensure that vital services to the residents, businesses and communities of Wiltshire are continued to be provided during the pandemic and the recovery that will follow the emerging vaccine rollout. In recognition of this the Cabinet is proposing in this budget to set aside £1m a year over the life of the four year MTFS to aid recovery in Wiltshire's market towns.

The report sets out, for approval by Cabinet, the budget setting proposals that provide for a balanced budget in 2021/22, giving the details on the outcome of the Local Government provisional settlement following the spending review, the pressures, savings and estimated impact the COVID-19 pandemic will have on the Council's proposed budget.

Within this the report sets out the required increase in Council Tax for the year, the increase in fees and charges and the general fund reserve balance as part of a reserve strategy to provide improved future financial resilience for service delivery as well as outlining the key financial risks being faced by the Council in estimating the level of reserves to be held.

The MTFs recognises the one year reality of the current situation but begins to set out the likely state of the Council's finances beyond 2021/22 and the estimated budget gap as a result.

In addition, the report sets out for approval the planned Capital investment being made in 2021/22 and beyond, ensuring the delivery of key infrastructure projects as well as maintaining the Councils asset base for future service delivery.

Lastly the report sets out the Housing Revenue Account (HRA) budget for 2021/22 and associated increases in rents, service charges and garage rents as well as the position on the dedicated schools grant (DSG).

### **Proposals:**

Cabinet recommends to Council:

1. That a net general fund budget of 2021/22 of £412.561m is approved;
2. That the Councils Tax requirement for the Council be set at £298.265m for 2021/22 with an average Band D of £1,590.60;
3. That the Wiltshire Council element of the Council Tax be increased in 2021/22 by the following:
  - i. A 1.99% general increase;
  - ii. Plus a levy of 3% to be spent solely on Adult Social Care;
4. That the Corporate Leadership Team be required to meet the revenue budget targets for each service area as set out in Appendix 1 to this report, for the delivery of Council services in 2021/22;
5. Delegate changes in fees and charges as set out in the report;
6. That the Capital Programme 2021/22 to 2029/30 is approved;
7. That the Capital Strategy set out in Appendix 9 is adopted;
8. That the Housing Revenue Account (HRA) budget for 2021/22 is set at £23.626m;

9. That a 1.5% increase is set for social dwelling rents, except for rents currently over the formula rent which will be capped at formula rent as per national guidance;
10. All service charges related to the Housing Revenue Account (HRA) being increased to cover costs and garage rents increased by 1.5%;
11. Endorses the Medium Term Financial Strategy and the forecast budget gap of £45.512m for the 2022/23 financial year with regular updates to be received on delivery against strategy and addressing the forecast budget gap.

**Reason for Proposal:**

To enable the Cabinet to recommend to Council a balanced revenue budget for the financial year 2021/22 and to set the level of Council Tax.

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

The Cabinet also sets out the final assumptions being used in the budget for growth, inflation, demand for services, the estimated level of income from sales, fees and charges and the level of income estimated from core funding e.g. council tax, business rates and government grants and how all of these aspects have been impacted by COVID-19 pandemic as well as the level of reserves held and assessed by the Councils Section 151 Officer, as required, to provide future financial resilience.

This provides the Council with a MTFs to begin to drive long term financial sustainability, look towards recovery and continue to deliver on the Councils business plan.

**Terence Herbert – Chief Executive**

**Andy Brown – Interim Corporate Director Resources (S.151 Officer)**

**Ian Gibbons – Director of Legal & Governance (Monitoring Officer)**

## **Wiltshire Council**

### **Cabinet**

**2 February 2021**

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**Subject: Budget 2021/22 and Medium Term Financial Strategy 2021/22 to 2024/25**

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

**Key Decision: Key**

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### **Purpose of Report**

1. This report sets out the Cabinet's proposals for the Council's Budget 2021/22 and Medium Term Financial Strategy (MTFS) 2021/22-2024/25.
2. It also sets out the Council's Capital Programme 2021/22 to 2029/30, the Housing Revenue Account (HRA) budget 2021/22 and the Dedicated Schools Grant (DSG).
3. The detailed assumptions underpinning the Cabinet's proposals are set out and the Section 151 Officer's opinion on the robustness of the budget estimates for 2021/22 and the adequacy of the Council's reserves, including the general fund reserve, as required under section 25 of the local government act 2003.

### **Background**

4. As set out in the budget setting report to Cabinet in November 2020, following a complete overhaul of MTFS base assumptions, the budget gap facing the Council at that time was estimated at just over £29m.
5. Since that report the Government's one-year spending review has been announced and the Local Government provisional settlement was released on 17 December 2020. The Government had intended to undertake a resetting of the funding distribution for Local Government through their planned fair funding review, where it was expected that baseline funding would be distributed more fairly according to local needs, as well as putting forward plans to address the Adult Social Care funding gap.
6. As a result of the COVID-19 pandemic the fair funding review and the anticipated white paper on Adult Social Care funding reform have been delayed, and as a result Government have brought in measures within their one-year settlement.
7. Forecasts for core funding, council tax and business rates, have continued to be reviewed and this report sets out the final assumptions being used in the proposed budget, including the confirmation of the anticipated deficit on the collection fund as

well as the councils tax base i.e. the number of band D equivalent properties eligible to pay council tax in 2021/22.

8. In addition, Cabinet and the Corporate Leadership Team have been working on reviewing the growth, inflation and demand estimates that gave rise to the £29m gap with a focus on reasonably challenging and bringing these estimates down either through the latest known forecast data or through mitigation actions that will be taken in 2021/22.

### Change in Budget Presentation

9. The November Cabinet reported a change in how the budget would be presented, effectively moving grants from the net base budget requirement and into the funding section i.e. all the un-ringfenced resources received to fund Council services, reflecting that the grants received are to fund the Council's overall delivery of services, rather than ringfenced or service specific as well as to bring the Council more in line with other unitary Councils' reporting.
10. A further £15.557m of specific grants have been moved into the funding section, and this has now been confirmed following the provisional settlement confirming the funding allocations.
11. This technical change has no impact on the resources available to fund services but will see the Council's revised base budget for 2020/21 increase to £385.053m. The table below shows the impact of the change in presentation on the revised totals.

	2020/21 BUDGET Approved Feb-20 £m	2020/21 BUDGET 3rd November £m	2020/21 BUDGET Final Base Budget £m
<b>Council Budget</b>			
Service Budgets	355.486	355.486	355.157
Corporate	29.566	29.566	29.896
Specific Grants	(41.029)	(15.557)	
<b>Net Budget Requirement</b>	<b>344.023</b>	<b>369.495</b>	<b>385.053</b>
<b>Funding</b>			
Council Tax	(260.830)	(260.830)	(260.830)
Adult Social Care Precept	(23.893)	(23.893)	(23.893)
Business Rates	(56.600)	(56.600)	(56.600)
Collection Fund Surplus	(2.700)	(2.700)	(2.700)
Government grants	-	(25.472)	(41.030)
<b>Total Funding</b>	<b>(344.023)</b>	<b>(369.495)</b>	<b>(385.053)</b>

### Main Considerations for the Council

12. Critically the Cabinet is proposing a balanced budget for 2021/22, a budget that ensures funding for vital services to continue during the pandemic and as Wiltshire moves to recovery.
13. In order to achieve this the Cabinet has duly considered the current position on Wiltshire's residents and businesses and has felt that the provision of vital services to protect the vulnerable and continue the running of key services is paramount.

14. However, in having the funds to enable this to happen, specifically in relation to Adult Social Care, the Cabinet is proposing that the full amount of the permitted Government rise in the Adult Social Care levy is taken in 2021/22.
15. Therefore for 2021/22 the Cabinet is proposing a 1.99% general increase in Council Tax, with a 3% levy specifically for Adult Social Care. With growth of £8.6m built into the Adult Social Care budget, the levy will raise over £8.5m towards meeting that cost.
16. In addition to Adult Social Care, significant investment is going into Children's services with £6.6m allocated for investment in Children's Social Care, recognising the expected rising demand for key services as well as the continued investment in the fostering excellence scheme, and nearly £1.5m to deal with the rising demand for Special Educational Needs and Disability (SEND) transport, matching the recent trend in rises of Education, Health and Care Plans (EHCP).
17. The impact of the COVID-19 pandemic has been significant on the Council's finances, only time will tell how lasting this will be. The impact on the 2021/22 budget in terms of service delivery, not including the negative impact on council tax and business rates, is nearly £5m, the vast majority down to the impact on income generated to help run services e.g. car parking, planning and Leisure.
18. Within Leisure, in addition to the adverse impact on income, there will be an investment from revenue of over £2.1m, following the Cabinet decision in December 2020 to insource the running of Leisure Services during 2021/22. This investment provides for the contract and the running costs that will be incurred by the Council for the remainder of the year once the service is brought in house. This recognises the important role that leisure has and will have in the health and wellbeing of Wiltshire's residents.
19. The provision of Waste Services will increase by nearly £2.6m in 2021/22, and £1m has been set aside to cover the cost of the election still planned for May 2021.
20. The budget to finance the Council's capital programme will increase by nearly £2m, enabling significant investment in key infrastructure and transformation projects in Wiltshire totalling over £214m in 2021/22.
21. Cabinet have also put aside £1m investment to aid the recovery of Wiltshire's market towns during 2021/22. The determination of the fund will be made during 2021/22 but is intended to assist and maximise the recovery of Wiltshire's market towns hit hard during the COVID-19 pandemic.
22. The one year holding position of the 2021/22 budget has also been used as a basis to change the base in which the Council can move forward from, and in doing so has meant where at all possible a resetting of the base budget. There has been a focus on prior year savings, removing those that have either not been achieved, or not progressed, as a result of the pandemic.

23. Over £3.6m of prior year savings and savings planned to be made in 2020/21 have been removed. This includes a £1m saving target in Public Health, where spend was to be aligned to the ringfenced Government grant but it is felt that now, during the time of public health related pandemic, is not the time to be reducing spending in this critical service area.
24. It is inevitable that additional efficiencies will be required given the forecast budget gap in 2022/23 and the changing landscape post pandemic. It is expected that as we move forward in 2021/22, the Council will be able to recognise efficiencies in its operations and service delivery that a post pandemic world presents, and that these efficiencies will be ongoing and be able to be used to close any gap in the following year, as well as focusing resource on future priorities.
25. As a recognition of this, a £2m savings target for 2021/22 has been allocated to services that reflects the already changing dynamic, activity and management of Council services. The £2m is based on a reduction in the Council's staffing establishment budget, removing budget held for vacant roles during 2020/21, mainly as a result of the external recruitment freeze, and should be considered in context against a forecast underspend on the Council's staffing budget of over £5m during 2020/21.
26. The assumptions on the level of growth required to maintain services during 2020/21 and meet the expected increase in demand are based on the best estimates at the time of setting the budget, it is acknowledged that owing to the unprecedented nature of setting the budget that there will be an element of uncertainty and variability in those estimates.
27. During 2021/22 the demand for services, and therefore the level of resource required, will be tracked and reported through the quarterly budget monitoring reports to Cabinet. After six months a review will be undertaken to assess the position and recast the budget based on actual and forecast data.
28. This assessment will be used to effectively flex the base budget for 2021/22 and restate the base budget as a basis for 2022/23 planning. The outcome will see those services that are experiencing higher than estimated demand being provided a draw from the newly created Latent Demand reserve to offset the increased costs, whilst those services having less demand will have their budget scaled down to reflect the resource required to meet the current activity.

## **2020/21 Forecast Outturn**

29. The latest forecast outturn position for the current 2020/21 financial year is detailed in the quarter three budget monitoring report to Cabinet.
30. With the receipt of emergency government funding and the imposing of spending controls and an external recruitment freeze from 1 July 2020 the Council is forecasting a balanced budget for 2020/21.
31. Within that £4.165m had already been prudently set aside in an earmarked reserve to mitigate the potential impact, through reductions and cuts, on services in the setting of the 2021/22 budget. The budget assumes that this reserve will be fully utilised in 2021/22 to ensure a balanced budget.
32. In addition, a further reserve has now been created for Latent Demand setting aside £4.958m. This amount would have been utilised in 2020/21 if the forecast demand that was anticipated for 2020/21 had arisen, however, it is now estimated that this demand will now arise in 2021/22 or later, and potentially will be higher as a result of the pandemic.
33. Whilst the MTFs allows for a level of growth, based on estimates, there is a risk that this may not be sufficient in certain areas of service provision. Therefore, the Latent Demand reserve has been created to enable the mitigation of these costs should the demand be greater than the assumptions being made in the setting of the 2021/22 budget.
34. The changes in the treatment, but not the level, of the amount set aside to cover the anticipated collection fund deficit has been made following the revised deficit forecast, details of which are provided later in this report.

## **Local Government Provisional Settlement**

35. The Government announced its spending review on 25 November 2020, with the Treasury signalling that the 2021/22 financial year would be a one year holding position while still in the grips of the pandemic.
36. The provisional settlement for Local Government was announced on 17 December 2020 and provided confirmation of various funding streams and mechanisms as a result of the impact of COVID-19.
37. The Government has recognised the need to continue a range of one-off grants to support Local Government in the first few months of 2021/22, thus enabling the response to the ongoing COVID-19 pandemic to continue. This includes a £1.55bn un-ringfenced COVID-19 expenditure pressures grant, £790m to support collection fund losses and £670m to recognise the impact of lost council tax receipts as a result of increase in local council tax support eligibility.
38. Government also announced the extension of the sales, fees and charges compensation scheme for the first three months of the 2021/22 financial year.

39. To date the COVID-19 grant and local council tax support grants have been confirmed, seeing £10.878m and £5.296m of funding for Wiltshire respectively. A technical note has been released on the collection fund losses scheme, whereby it is intended that Government will compensate for 75% of irrecoverable losses in council tax and business rates; with the estimate deficit on the collection fund standing at £3.750m for 2020/21, this could represent circa £2.671m to the Council.
40. Government has announced an extension to the Social Care Grant of £300m nationally, which after adjustments for equalisation of council tax raising abilities means Wiltshire will receive only £0.456m.
41. Further grants were also announced in the provisional settlement, with confirmation of the rural services delivery grant and a new grant called the lower tier services grant, which we have assumed is a replacement of the local services support grant.
42. The New Homes Bonus scheme was extended but at a reduced level, with national payments expected to be worth £622m down from £907m, and 2021/22 expected to be the schemes final year. The MTFS had assumed £10.854m from the New Homes Bonus in 2021/22 but this has now been confirmed at £8.133m; a £2.721m reduction.
43. On 21 December 2020 the Government announced a £310m fund to tackle homelessness and rough sleeping. The Homeless Prevention Grant combines and replaces two existing funding streams: the flexible homelessness support grant and the Homelessness Reduction Grant and is a £47m increase on the current financial year. Wiltshire will receive £1.050m in 2021/22 to ensure we have the resources to take action to prevent homelessness from occurring. The funding is a £0.156m increase on the previous allocation.
44. Another key announcement in the spending review was the freezing of public sector pay for Local Government. This will still be subject to negotiation with employers and will also still see an increase of £150 for staff under £24,000 per annum. Therefore, assumptions have been prudently revised downwards to reflect this position.
45. Emergency funding from Government, totalling £10m, had been assumed within the £29m budget gap reported to Cabinet on 3rd November 2020. This was a prudent assessment that, given the emergency funding received by Government during 2020/21 and the lobbying and returns made by the sector, that continued support would be forthcoming. Without this continued funding and support from Government the impact and ability to maintain key services to Wiltshire would have been significant.
46. With the announcement of a one year settlement from Government, and the delay in the fair funding review and reforms to Adult Social Care funding, it was anticipated that the Government would reintroduce the Adult Social Care precept as a mechanism to fund the growth in demand for Adult Social Care. This was estimated at 2% and in the spending review the chancellor confirmed that a further two years of up to 3% spread across 2021/22 and 2022/23 could be utilised.

47. Overall, the provisional settlement was a positive outcome for Wiltshire, and the table below shows the difference between the actual and anticipated outcome, for those grants yet to be confirmed, compared to the assumptions made within the £29m gap.

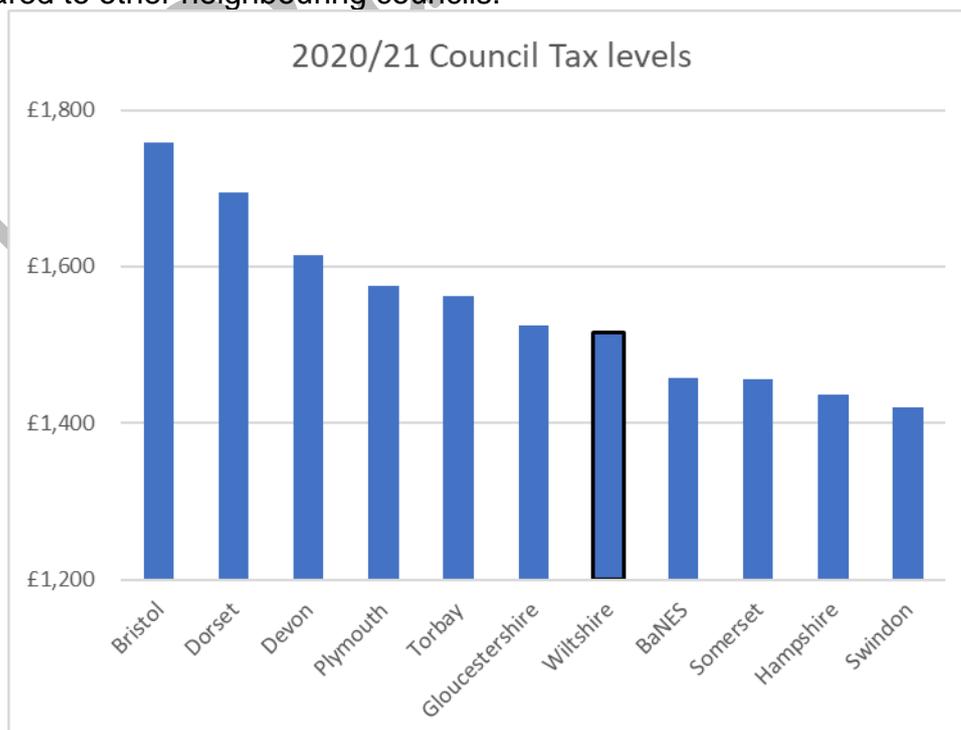
Grant Description	MTFS Assumption £m	Provisional Settlement £m	Gain / (Loss) £m
75% Income Compensation for Collection Fund Losses	-	2.671	2.671
Income Loss for Sales, Fees and Charges for 3 months	2.000	1.000	(1.000)
£300m Adult & Childrens Social Care Grant	-	0.456	0.456
£1.5bn of COVID-19 Emergency Funding	5.000	10.879	5.879
£670m Local Council Tax Support Grant Funding	3.000	5.296	2.296
New Homes Bonus	10.854	8.133	(2.721)
Lower Tier Service Support Grant	0.200	0.473	0.273
Rural Services Delivery Grant	3.316	3.479	0.163
Funding for Social Care	15.557	15.557	-
Section 31 Grant (NNDR)	10.102	9.102	(1.000)
<b>Outcome of Provisional Settlement</b>			<b>7.017</b>

### COVID-19 Impact

48. The impacts of COVID-19 on the Council has been significant, but throughout 2020/21 and continuing into 2021/22 the Council continues to support the vulnerable and those most in need. It has also continued to provide ongoing business as usual services e.g. refuse collection as well as reacting quickly to act as a conduit for businesses to receive key Government funding support, with over £100m of grants issued by the end of 2020 and further support now being rolled out in January 2021.
49. COVID-19 has had a significant impact on the Councils finances, with increased costs and the impact of social distancing guidelines and lockdown on activity from services that generate income e.g. car parking, leisure while the wider economic impact of the pandemic will also impact on the Councils core funding from council tax and business rates.
50. Whilst the lost income is not forecast to be as high as the level seen in this financial year, an assessment of ongoing behavioural changes going forward into 2021/22 will see income budgets reduced by 10% to 30% in some services, with a total negative impact of £4.4m.
51. Resources, quite rightly, have been focussed on responding to the pandemic, but this been at a detriment to planned transformational activity particularly that concerned with a savings of efficiencies and, as result, those plans have been impacted in 2020/21.
52. Increased costs are anticipated through the provision of additional cleaning in Council buildings and hygiene supplies costs which added to the reduction in income results in an overall direct COVID-19 pressure of £4.9m. Costs in relation to demand for services as a result of COVID-19 have been captured under demand.

## Council Tax

53. In the November Cabinet report the tax base, the number of Band D equivalent properties eligible to pay council tax, was estimated at 185,389 a reduction of 4,990 on the previously approved MTFS assumption and amounted to around £6.7m in lost revenue.
54. A significant factor in this was the increase in universal credit claimants, going from 17,500 before the pandemic to over 32,000 in December 2020, although this figure has remained largely static since September 2020. This has the knock-on result of reducing the tax base as residents can become eligible for the Councils Local Council Tax Support (LCTS) scheme and therefore only eligible to pay 20% of the council tax whereas previously they would have paid 100%. Those households with working age residents eligible for LCTS has increased from 14,948 in December 2019 to 18,530 in December 2020; a 24% increase.
55. However, as stated in the November Cabinet report, the position would be further reviewed as the furlough scheme was then due to end but has now since been extended until April 2021.
56. The final tax base to be used in the setting of the 2021/22 budget has been set at 187,517.40 Band D equivalents. This figure is still 418 Band D equivalent properties lower than the tax base set in 2020/21. The review reflects that uncertainty of forecasting, with house building holding during the latter part of 2020 and the number of LCTS residents also flatlining. Therefore, whilst there may be an impact when furlough ends in April 2021, it is likely to recover as the financial year progresses.
57. As already set out the Adult Social Care Precept will be applied in full in 2021/22, raising over £8.5m to help fund the £8.6m investment into Adult Social Care.
58. Overall, the table below shows the Councils level of Council Tax remains low when compared to other neighbouring councils.



59. Given the proposed increase in Council Tax, and the current economic climate going into 2021/22, the Cabinet have made the decision to increase the annual budget held for hardship funding to £0.300m; a 6 fold increase.
60. The discretionary hardship fund is held to assist those families and residents that, after undertaking all avenues of support to either reduce their council tax bill e.g. local council tax support scheme, gives the Council the ability to provide further support to those in need.

### **Business Rates**

61. There were no specific announcements on business rates in the Governments spending review. At the start of 2020/21 over £67m of business rate reliefs were issued to eligible businesses e.g. retail, leisure, hospitality and nurseries over and above the normal reliefs provided to eligible businesses e.g. small business rate relief. At this point these additional reliefs have not been announced as continuing beyond April 2021.
62. In addition, business grants to support eligible sectors have been distributed in Wiltshire totalling £120m. None of these grants are expected, or at least have not been announced, to continue beyond April 2021.
63. Given the impact on local businesses this remains an area of significant uncertainty and concern. It is unclear the impact and the ability of businesses to be able to pay business rates from April 2021.
64. With this in mind, the anticipated increase in business rate growth has been stripped out of the MTFs and a £1m reduction allowed for in the section 31 grant received from Government in respect of small business rate relief and other reliefs.
65. This in part is a recognition of the anticipated difficulty expected in the economy during 2021/22. However, should the grant not be reduced to that level and indeed business rate payers continue in the main to be able to pay, then it is proposed that the balance of the £1m be utilised to support local businesses in 2021/22 as part of Wiltshire's recovery.

### **Forecast Collection Fund (Council Tax & Business Rates) Balance**

66. At quarter 2 of 2020/21 it was estimated that the deficit on the collection fund would be £8.613m, impacted by estimated increases in non-payment, increase in the number of residents now receiving universal credit and therefore eligible for Local Council Tax Support and loss of anticipated growth.
67. The Government have mandated that Councils must spread this deficit over the next three financial years as a mechanism to offset the impact; this was before the settlement announcement on the 75% income loss compensation scheme.
68. The latest forecast, now being factored into quarter 3 of 2020/21, shows a significant improvement with a forecast deficit of £3.750m. Within this the deficit on the business rates element now only stands at £0.045m, owing mainly to the reliefs and rates holidays issued to eligible businesses in 2020/21, leaving the remaining ratepayers who on the whole have kept paying, with the majority of those being public sector bodies and supermarkets.

69. This lower forecast deficit is an improvement of £4.863m, and for 2021/22 will see an estimated 75% income loss compensation grant being received of £2.671m.
70. It is proposed that the original £8.613m deficit being forecast in 2020/21 is transferred to a new collection fund volatility reserve, with £3.029m being drawn down in 2021/22 to enable a balanced budget. This amount is a recognition that the draft budget had been estimated on a compensation grant of £5.7m, based on the higher deficit figure, and is the difference between the two grants to enable a balanced budget.
71. The remaining balance of £5.584m is then proposed to be held to mitigate against the potential for collection fund volatility in future years as well as to address the £3.750m deficit over the next three financial years, with £1.250m being drawn down in 2021/22 to cover year 1 of the deficit.

### Reducing the Budget Gap

72. The budget gap presented to Cabinet in November 2020 stood at £29.422m. Since then the Local Government provisional settlement has been announced, the council tax base has been finalised, the Councils financial position for 2020/21 has become clearer and critically the Cabinet and the Councils Leadership Team (CLT) have undertaken a review of the level of growth being put into the budget to wherever possible minimise and reduce the cost.
73. The CLT undertook a review of all key areas of demand and inflation, as well as looking at the current underspend in 2020/21 and how this could be aligned and realised as an ongoing saving from 2021/22.
74. The outcome of the challenge to reduce growth, together with all the other challenges is detailed in the table below and shows how the budget gap of £29.422m has been closed to deliver a balanced budget.

#### Budget Challenge

Reduction of the 2021/22 Budget Gap	£m
<b>Budget Gap Cabinet November 2020</b>	<b>29.422</b>
Changes to Demand and Inflation Assumptions	(8.346)
Additional Savings Proposals	(2.000)
Changes to Council Tax/NNDR	(0.285)
Reduction of Pay Award	(3.204)
Remove General Fund Reserve Transfer	(1.400)
Use of Budget Equalisation Reserve	(4.165)
Use of Collection Fund Volatility Reserve	(4.279)
Removal of Public Health prior year saving	1.000
Cabinet Investment for Recovery Fund for Market Towns	1.000
Leisure Centre Insourcing	2.179
Social Care Levy increase from 2% to 3%	(2.905)
Provisional Settlement announcement	(7.017)
<b>Balanced Budget Cabinet February 2021</b>	<b>-</b>

## Proposed Budget 2021/22

75. The table below provides a high level summary of the proposed budget for 2021/22. Appendix 1 provides an analysis at service level of the movement from the revised 2020/21 base budget to the proposed 2021/22 budget.

Corporate Directorate	Proposed Budget 2021/22 £m
Corporate Director People Total	236.178
Corporate Director Place Total	99.341
Corporate Director Resources Total	36.567
Chief Executive Directorates Total	15.886
Corporate Total	24.589
<b>Grand Total Proposed Budget</b>	<b>412.561</b>
<i>Funding</i>	
<i>Council Tax Requirement</i>	(265.850)
<i>Social Care Levy</i>	(32.415)
<i>Rates Retention</i>	(58.500)
<i>Rates Retention Levy</i>	-
<i>Collection Fund (surplus) / deficit</i>	1.250
Specific Grants	(36.744)
Hardship & Emergency Funding	(20.302)
<b>Funding Total</b>	<b>(412.561)</b>
<b>Funding Gap</b>	<b>-</b>

76. The total investment going into the 2021/22 budget is £34.236m and is outlined in the table below. The following paragraphs then provide detail on the services receiving significant levels of investment in 2021/22.

Corporate Directorate	Total Investment 2021/22 £m
Corporate Director People	17.016
Corporate Director Place	11.549
Corporate Director Resources	1.483
Chief Executive Directorates	1.484
Corporate	2.704
<b>Total Proposed Investment</b>	<b>34.236</b>

## Significant Service Investment in 2021/22

### Adults Social Care

77. As has been previously laid out, the Council will be fully utilising the Adult Social Care levy increase of 3% in 2021/22. All of the money raised via the precept must be spent on Adult Social Care. The pressures arising out of growing demand, and

rising costs, that have been built into the budget for 2021/22 amount to £8.613m, £0.090m more than the funds being raised from the precept.

78. There are four broad areas of cost pressures that make up the overall cost pressure of £8.613m, as follows:

i. Rising Demand	£3.901m
ii. Contract Inflation	£3.920m
iii. Pay Award	£0.406m
iv. Service Pressures	£0.386m

79. Pressures in respect of rising demand come from a growing elderly population, from a growing number of children with physical or learning disabilities transitioning into adulthood, and from growing complexity of the needs of people who require support from adult social care.

80. In normal times, the greatest predictor of increased demand are the Office for National Statistics demographic forecasts, and these have proved relatively accurate in previous years. For that reason, the forecasts have been used again. These show a predicted increase overall of approximately 2.1%, or £3.901m.

81. It is recognised that these are not normal times, and the impact of the COVID-19 pandemic on the demand for social care is not yet known. The picture is likely to be complex, potentially reducing demand in some areas, for example it is anticipated that demand for care home placements might fall, and increasing demand in others, in particular the demand on mental health services. Therefore, the budget pressure has been estimated with a degree of uncertainty.

82. The next area of budget pressure centres on rising prices charged by providers. Some of these price increases are contractually set, for example the major block contracts contain clauses that specifies how the uplift each will year be calculated with reference to indices released by the Office for National Statistics. Others are subject to negotiation or will arise through normal supply and demand forces that see prices charged this year being slightly higher than the previous year.

83. Most of the inflationary increases built in for 2021/22 are set at the same level as for 2020/21, with the exception being the Nursing Homes block contract. This has been subject to a recent tender exercise and as such it was anticipated that price increases might be as high as 5%. The combined financial impact of all inflation on Adult Social Care contracts is estimated at £3.920m.

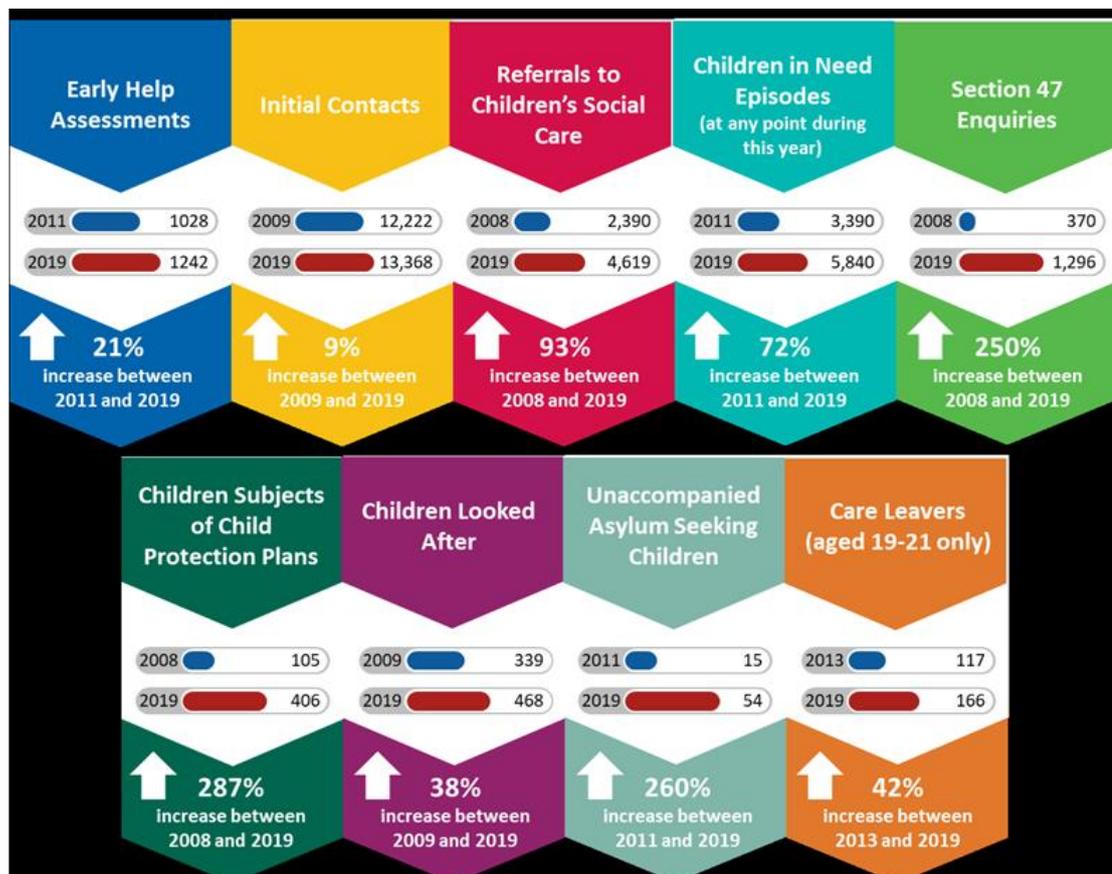
84. As outlined in preceding paragraphs, pay increases for Council staff will be limited to £150 for those earning less than £24,000. The cost impact of this is approximately £0.406m.

85. The ever-increasing complexity of the data and information flows in the social care world has led to a need to invest £0.386m in the expansion of the Performance and Information team in Adult Social Care. This team and the performance and data

insight they will provide will be crucial to understanding demand and impact of future changes needed to be made in Adult Social Care.

## Children's Services

86. Below is an infographic showing the growth in demand for Children's Services over a number of years. It is anticipated these trends will continue and significant work has been carried out to predict the additional impact of COVID-19 on services.



87. As well as an increase in demand we are also seeing increased levels of complexity. This has been increasing over the past two years and is forecast to increase further as the full impact of the pandemic is realised. The background pressures have been consolidated into a detailed demand modelling report which has been used to estimate COVID-19 driven growth. The total number of forecast children in care in Wiltshire in 2021/22 is 507. This is an increase of 35 from the demand modelling and are included in the budget estimate and 22 from COVID-19 scenario planning which are not included. As children in care costs arise due to COVID-19 latent demand in 2021/22, the Latent Demand reserve will be drawn upon.
88. Policy changes are also having an impact on budget. Growth of £0.624m is largely driven from Special Guardianship Orders (SGOs) (24 in 2019/20) and our responsibility to support financially in the longer-term means that this is a more expensive option than adoption. SGOs are not leading to an overall reduction in the number of Looked After Children (LAC) and so the additional cost isn't offset by reducing numbers.

89. Growth in care leaver numbers only includes those under 21. The extended Care Leaver offer up to 25 (without additional Government funding) will see the Council supporting an additional 40 care leavers a year for the next 4 years. Average caseloads for Personal Assistants (PA's) are already at 24 and so an increase in resource will be needed in the future.
90. A significant share of the demand in Children's Services is to fund years 1 and 2 of the Fostering Excellence scheme. The Fostering Excellence proposal was approved by CLT on the basic premise of long-term savings arising from cheaper weekly placement fees and the benefits of children in care being placed closer to their school and community in Wiltshire and in a family environment.
91. Year 1 investment (2020/21) was run as a pilot scheme using transformational use of capital receipts £0.868m. This scheme has continued despite the pandemic and has been largely successful. We are on track to meet the year 1 target with over 30 new foster care families being approved adding more than 40 placements to our in-house provision. Capital receipts funding is being replaced in the 2021/22 with base budget of £0.902m on the basis of the year 1 pilot being a success.
92. Years 2 and 3 will require ongoing investment and through the MTFs and the 2021/22 (year 2) investment is included at £1.532m. Planned savings will begin to arise during the 2021/22 financial year, albeit delayed due to COVID-19.
93. The offer to foster carers has been strengthened considerably. Fees paid to foster carers are in-line with market rates and the support offer has been improved with trauma-informed, attachment-focused and relationship-based training being rolled out to all foster carers and social workers.
94. Payback for savings takes place in year 7 (2026/27) and as the numbers of in-house carers grow and the Independent Fostering Agency (IFA) carers reduce, the overall unit cost lowers. It takes this length of time to achieve as the Council is already committed to long-term matches for many children who have been placed with independent providers. It would be inappropriate to disrupt placements with independent providers and move these children to in-house placements. Ofsted have recognised that placement stability is a strength for Wiltshire and accept that the transition to having 65%+ in-house carers will take a number of years to achieve.
95. The average price of an independent foster care placement is more expensive than the combined cost of the average in house fostering placement and a proportional share of the fostering team.

Average Independent Fostering Agency weekly cost (includes the social work support element)	£877.65
Average Fostering Excellence weekly cost	£429.00
Team cost per child per week	£117.89
Total In-House cost	£546.89
Average weekly cost avoided	£330.76

96. There will always be a small cohort of young people whose needs are best met in specialist residential provision for, specialist IFA placements. The cost pressure and demand on these places is estimated at £0.842m for 2021/22.
97. Numbers of children with Special Educational Needs and Disability (SEND) requiring social care support is rising in line with the increased demand for Education, Health & Care Plans (EHCP). The forecast increase in EHCPs for 2021/22 is 10.73% so, 4,733 plans are estimated. This accounts for £1.532m of the cost pressure within Children's Services.
98. Children and young people with an EHCP are entitled to school transport. On average, 34% of children and young people take up school transport and therefore demand for transport is rising alongside the increase in EHCPs. The increased cost is estimated at £1.496m based on the journeys of 1,450 children and young people with SEND.

### **Waste**

99. Overall, the Waste Services budget has increased by nearly £2.6m. Contract inflation of £1.093m has been assessed using the inflation rates linked to the individual contracts or an industry forecast where this is not known. Inflation rate estimates range from 2% to 3%. The major contracts in Waste Services are Mechanical Biological Treatment facility, Lakeside Energy from Waste, Materials Recycling Facility, Waste Collection, Household Recycling Centres, Garden Waste Composting, Residual Waste Disposal and the Council has to pay Landfill Tax on any waste tonnage sent to landfill.
100. The budget has also been increased by £1.498m to account for demand increases which covers the forecast increase in waste tonnages from household growth as per the increase in council tax base at 0.94%. This includes a forecast for the increase in number of vehicles and relevant crew for the collection service and round re-designs as part of moving to a comingled collection service and operating the new Materials Recycling Facility. The contract financial models for Materials Recycling Facility, Household Recycling Centres and Waste Collection services are in the process of being aligned to the service models that are being operated.
101. A rebase of the income budget for Materials Recycling Facility has been carried out as there have been significant changes in the markets for recyclable materials which has seen large decreases in the price for items such as cardboard and paper. Under the contract income is shared between the contractor and the Council, with the council retaining the majority share.

### **Leisure**

102. Leisure services budget will see a £5.1m increase in 2021/22. Over £2.3m of this is a direct impact of COVID-19, with Leisure Centre income budgets being adjusted downwards by 30% to recognise the ongoing impact of the COVID-19 pandemic. This estimate allows for any operating restrictions to comply with government guidelines on social distancing, ensures centres can operate safely and also

changes in members demand. In addition, an element has also been included to allow for increased cleaning and hygiene supplies.

103. In December 2020, Cabinet agreed to award a new 6 month contract to Places Leisure for the management of the outsourced leisure centres (1 April 2021 – 30 September 2021) and then insource the sites to Wiltshire Council management from 1 October 2021. The uplift in expenditure budget of £2.179m will allow for the new 6 month contract, which will be managed on an open-book accounting basis, as well as the costs associated with running an insourced operation.
104. The one-off costs of insourcing and transitioning to the new operating arrangement will be funded from capital receipts through the flexible use of capital receipts scheme and is detailed further below.
105. Having all sites under one umbrella provides the council with the ability to determine longer term strategic control and flexibility, enabling effective and efficient management and the provision of an equitable leisure service across the county. Operating all sites will allow the council to quickly respond to need, targeting services where they will have the greatest impact.

#### **Recovery Fund – Supporting Wiltshire’s Market Towns**

106. Within the MTFS proposals Cabinet have set aside a £1m annual investment, starting in 2021/22 and lasting for the life of the MTFS i.e. the next four years, to create a £4m fund specifically to assist the recovery of Wiltshire’s market towns from the impact of the COVID-19 pandemic.
107. The details on the specifics of how this fund will be invested are to be determined during next financial year. This could include matching local investments or to maximise the anticipated funding from Government through their launching of a levelling up fund to support communities, as announced by the Chancellor in the spending review in November 2020.

#### **Use of Capital Receipts Flexibilities 2021/22**

108. 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 by using Capital Receipts and not traditional revenue funding streams such as grants or council tax. This is known as Capital Receipts Flexibilities (CRF). Originally this funding ability was set for 3 financial years covering 2016/17-2018/19 and was extended for a further 3 years to cover 2019/20-2021/22, leaving this budget setting year, 2021/22 as the last year in which this flexibility can be used.
109. It is important that any council using this flexibility is transparent in reporting its plans and the individual projects that are to be funded or part funded, report on planned savings and/or service transformation that is planned to be delivered and report the previous years’ activity and realisation of benefits.

110. The outturn position for 2020/21 will be presented to Cabinet as part of the outturn report planned to be reported in June and the plan for 2021/22 is set out below. £1m has been previously approved for Organisational Development transformation, and for this year there are a couple of new transformational schemes that are requested to be funded through this mechanism; Organisational Recovery and Leisure in-sourcing.
111. Organisational Recovery is a programme to undertake organisational wide transformation of the council's governance, policy and business processes, our systems and use of digital technology, the culture and behaviour of our workforce in delivering services, the structure and flexibility of our workforce and all of the assets we have to deliver those services and to identify opportunities to maximise these. It is requested to use £1.2m of capital receipts through CRF to fund this transformational programme.
112. Leisure in-sourcing is the programme of activity to in source the current leisure sites operated by an external provide following the decision by Cabinet in December. The project will need to be sufficiently resourced to ensure successful transition to an inhouse operation following the expiry of the new 6 month contract. It is requested to use £0.819m of capital receipts through CRF to fund this transformational programme.
113. Set out in the table below are the schemes and the benefits they are planned to deliver.

Directorate	Project Description	Previous years approval for 2021/22 £m	New approval for 2021/22 £m	Outcomes and Benefits
HR/OD	Organisational Development Transformation	1.000	0	The 10% saving will be 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.
Organisation Wide	Organisational Recovery	0	1.200	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. Savings will be delivered through having a more flexible workforce and use of buildings and sites.
Leisure	Leisure in-sourcing transformation	0	0.819	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 oppoeitunies 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.
<b>TOTAL</b>		<b>1.000</b>	<b>2.019</b>	

## Fees and Charges

114. As part of budget setting, where the council has discretion on the setting of fees and charges and increases to these, it is recommended that the fees and charges to the public are held at the same value as 2020/21 to protect households from additional financial pressure. Other fees and charges will be based on statutory national levels (where set by statute) or individual agreements.
115. Demand has been adjusted within the pressures built into the budget to reflect the reduction seen in some service areas such as car parking and leisure, with the demand on other services where fees and charges are applicable assumed to remain at a similar level to previous years

## Reserves – General Fund and Earmarked

116. In the report to Cabinet in November it was outlined the intention to undertake and develop a reserves strategy. Whilst, owing to the COVID-19 response, the strategy has not been formalised the intention was to become more transparent on the reserves that are held by the Council, the reasons why they are held and then also to provide a risk assessment on the level of general fund reserves that should be held commensurate against risk, and then demonstrate how over the life of the MTFs the Council would be able to move towards that level.
117. This report therefore sets out the general fund reserve forecast and also the earmarked reserves held by the Council and the reason why they are held, together with their planned use in 2021/22, in Appendix 8.
118. The balance on the General Fund reserve has been maintained at £15.456m during 2020/21. The planned contribution in 2021/22 has been removed, owing to the paramount importance of maintaining services in 2021/22 during the pandemic. The forecast for the balance over the MTFs is shown in the table below.

### General Fund Reserve Forecast

Year Ended 31 March	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Opening Balance	15.456	15.456	16.856	18.256
Contribution to / (from)	1.400	1.400	1.400	1.400
Removed as per budget setting	(1.400)	-	-	-
Closing Balance	15.456	16.856	18.256	19.656

119. In addition, the General Fund reserve risk assessment is shown in Appendix 7. This uses the estimates of key financial risks facing the authority in 2021/22 and it provides an estimated risk assessed level of reserves based on the specific complexities and activities unique to Wiltshire Council.

120. For 2021/22 this estimates a level of reserves should be held, to mitigate risk, of £22.760m. It should be noted that this is a tool to manage financial risk and exposure and is not an exact science. When considering the actual level of reserves held a balance needs to be struck to building up those reserves to the risk assessed level against the needs of providing key services to residents and businesses.
121. However, one of the key risks facing the authority is demand for services, and the assessment draws elements of this out. With the creation of the Latent Demand reserve, the Budget Equalisation reserve and the Collection Fund Volatility reserve it is acceptable that these reserves can also be used as a tool to assess the level of reserves held against assessed financial risk.
122. The table below therefore provides an estimate of the reserves held against the assessed risk level. It estimates at this stage a draw on the Latent Demand reserve; however, the exact amount, if any, will not be known fully until the time.

#### Reserves Held Against Assessed Financial Risk

Year Ended 31 March	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
General Fund	15.456	15.456	16.856	18.256
Budget Equalisation	4.165	-	-	-
Collection Fund Volatility	8.613	4.334	3.084	1.834
Latent Demand	4.958	1.958	0.458	0.458
<b>Opening Balance</b>	<b>33.192</b>	<b>21.748</b>	<b>20.398</b>	<b>20.548</b>
Net Movement on General Fund	-	1.400	1.400	1.400
Planned use of Budget Equalisation	(4.165)	-	-	-
Planned use of Collection Fund	(4.279)	(1.250)	(1.250)	-
Estimated use of Latent Demand	(3.000)	(1.500)	-	-
<b>Closing Balance</b>	<b>21.748</b>	<b>20.398</b>	<b>20.548</b>	<b>21.948</b>
Represented By:				
General Fund	15.456	16.856	18.256	19.656
Budget Equalisation	-	-	-	-
Collection Fund Volatility	4.334	3.084	1.834	1.834
Latent Demand	1.958	0.458	0.458	0.458
<b>Closing Balance</b>	<b>21.748</b>	<b>20.398</b>	<b>20.548</b>	<b>21.948</b>
Risk Assessed Balance*	22.760	22.760	22.760	22.760
Cover	96%	90%	90%	96%

\* The risk assessed balance will need to be refreshed annually to recognise and reflect the risk in that year.

123. The risk assessed balance is only for 2021/22 and as stated the assessment would need to be refreshed annually to recognise the risks being faced in that year,

however using that level gives an indication of the direction of travel the Council is moving in respect of greater financial resilience.

124. With the other newly created reserves and the future planned contributions to the General Fund reserve balance, the Council is ensuring a greater level of financial resilience for the future.

### MTFS 2021/22 to 2024/25

125. As stated previously the budget 2021/22 is a holding budget with certainty only provided from Government for one year, even then the settlement is based on COVID-19 funding being provided for the quarter and is very much dependent on how the pandemic response and recovery progresses.
126. The assumptions therefore being made, even for 2021/22, are the best estimates at the time but will be variable with a level of uncertainty that increases as you move beyond 2021/22.
127. This however does not stop planning ahead, and assumptions have been made beyond 2021/22, and the table below provides a high level overview of the next four years with the MTFS forecasting a significant budget gap in 2022/23 of £45.512m.

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Total Service Net Spend	412.561	445.468	465.760	488.564
Income / Funding -				
Council Tax Requirement	(265.850)	(274.546)	(283.520)	(292.782)
Social Care Levy	(32.415)	(32.416)	(32.416)	(32.416)
Rates Retention	(58.500)	(58.500)	(58.500)	(58.500)
Rates Retention Levy	-	-	-	-
Collection Fund (surplus) / deficit	1.250	1.250	1.250	-
Specific Grants	(36.744)	(35.744)	(34.744)	(33.744)
Hardship & Emergency Funding	(20.302)	-	-	-
Income / Funding Total	(412.561)	(399.956)	(407.930)	(417.442)
<b>Funding GAP</b>	<b>(0.000)</b>	<b>45.512</b>	<b>57.830</b>	<b>71.122</b>

128. This is largely as a result of the one off funding totalling £28.746m being utilised from Government (£20.302m) and reserves, (£8.444m) which have been created in this financial year as a result of the unique circumstances presented by the pandemic, to deliver a balanced budget for 2021/22 and critically to maintain key services during the pandemic.
129. Dependent on the progression of the pandemic, planning for 2022/23 will have to begin early, and as already set out it is envisaged that as 2021/22 progresses ongoing efficiencies will be identified in year and captured to contribute towards the anticipated budget gap.

## Capital Programme 2021/22 to 2029/30

130. The Capital Programme is not tied to an annual setting process like the Council's revenue budget, with projects and schemes being added on their own merits by the Cabinet. However, there are amendments and additions to the capital programme that are being made at this time which are detailed further in the report.
131. During 2020/21, given the COVID-19 pandemic and uncertainty around the Council's financial position and the ability to deliver capital schemes, the Capital Programme was reviewed and in June 2020 over £100m of the programme was moved into later years.
132. The Capital Programme has been similarly reviewed for schemes unlikely to continue as approved or unlikely to progress as planned in 2021/22. In total over £88m in schemes have either been removed or rephased into later years, whereas new schemes to the value of £9.266m have been added, although this won't increase the overall total of the approved capital programme. This does not include the increases to the capital programme relating to the Housing Revenue Account, that was approved by Cabinet in November 2020, nor the loan financing to Stone Circle which is seeking Cabinet approval in February 2021.
133. The capital programme is a key area of investment for the Council and in 2021/22 will now stand at £214.351m and the Council will be investing in the following headline areas.

Service	2021/22 Budget £m
Economic Development & Planning	11.282
Housing & Commercial Development	65.800
Highways & Environment	27.288
Digital & Information Total	18.188
Communities & Neighbourhood	26.619
Education & Skills	23.619
Joint Commissioning	9.978
<b>General Fund Total</b>	<b>182.774</b>
Housing Revenue Account	31.577
<b>General Fund and Housing Revenue Account</b>	<b>214.351</b>

134. The schemes deferred include the £33m for The Maltings regeneration in Salisbury, although the Salisbury River Park scheme is progressing, the multi-faceted investment into the regeneration of The Maltings site has been delayed whilst negotiations continue.
135. The £3m for land development has been released as the scheme in its original form will not be progressing, and with the changes by HM Treasury to the borrowing rules for Councils, the commercial investment of £25m has been rephased, with £8m remaining in 2021/22 and the balance being deferred into 2022/23.

136. Other slippages in relation to planned projects have been factored in as part of the quarter 3 budget monitoring process and reflected in the 2021/22 programme.
137. New schemes have been identified that, owing to their urgency, need to be added to the capital programme now. Further schemes will be considered by Cabinet on their own merits and brought to future Cabinet meetings for consideration.
138. The schemes total £9.266m and will be funded from the approved allocation of other schemes yet to be confirmed, with the remaining balance on this fund being deferred into 2022/23. Further details on the schemes are as follows.
139. Operational estate critical repairs and Health and Safety compliance. £0.855m budget is required to focus on critical and essential maintenance and health and safety compliance actions for the Operational Estate. Its primary benefit is the ability of the Council to keep operational sites open, reducing the risk of building closure, service failures, and loss of income. This budget will also reduce the risk of breaches of health and safety legislation and minimise the risk of staff and service users. Undertaking planned capital works also reduces the revenue spend on ad-hoc repairs and maintenance.
140. A £4.545m scheme for the complete replacement of the Lower School block at Stonehenge School which is at the end of its life. This is one of three Wiltshire secondary schools which remains the responsibility of the Council. It is anticipated that a £1.545m capital grant can be utilised in meeting some of this investment.
141. A £0.350m scheme to cover abnormal costs of a DfE funded special school build. As this is an existing site, the previous UTC site in Salisbury which will be refurbished, the DfE have indicated that they will fund any abnormal costs associated directly with the site or building itself. However, the Local Authority will still be required to fund any abnormal costs around access to the site, for example if a crossing or roundabout was required to enable safe access.
142. A £1.311m investment into SEND Special School capacity and alternative provision, which will provide accommodation for 30 SEND pupils to address the temporary places deficit and provide flexible alternative provision such as new resource centres in mainstream schools over the longer term.
143. Lastly an investment of £2m in 2021/22 for Leisure Services. It is anticipated that further investment will be required in future, but this recognises a need with the existing inhouse services and the transitioning of the remaining sites which will be insourced and run during 2021/22 that a significant investment will be required in equipment, systems as well as maintenance of sites. It's expected that future investment asks will come forward as and when updates are presented to Cabinet.

### **Housing Revenue Account (HRA) 2021/2022**

144. The Housing Revenue Account (HRA) is a separate account that all local authorities with housing stock are required to maintain by law. This account accumulates and reports all transactions relating to, or associated with, local authority-owned housing.

145. It is ring fenced which means that money cannot be paid into or out of it from the General Fund. In addition, it is not lawful to run a deficit on the account.
146. The 30-year business plan aims to deliver a substantial increase in the amount of money available to be invested in capital works on existing dwellings and to deliver new housing to replace properties that have been sold under the Government's Right to Buy scheme and to address housing need.
147. A revised 30-year plan was taken to cabinet in November 2020 with an updated capital maintenance and investment programme and New Build programme. The aim of the new programmes is to deliver carbon zero new builds and investment in all existing stock to achieve energy performance rating B. The capital and revenue budgets for 2021/2022 have been updated to reflect the position presented and approved by cabinet in the plan.
148. For 2021/22 rents will be increased by Consumer Price Index (CPI) plus 1%, which is the same as 2020/21, for 2021/22 this increase will be 1.5%, 0.5% CPI plus 1%. Increases for any actual rents currently over formula rent will be capped at formula rent as per national guidance.
149. Future rent increases will be reviewed in light of the 30 year business plan so as to balance the investment in the housing stock, development of new homes, maintain services to customers as well as ensuring affordability.
150. For 2-bedroom properties, the average 2020/21 rent (social and sheltered) was £89.25 per week which will increase to an average of £90.21 for 2021/22. For 3 bedroom properties, the increase would be from £97.08 to £98.27.
151. It is proposed to increase garage rents by 1.5% (CPI plus 1%).
152. It is proposed that service charges are increased to cover costs.

### **Dedicated Schools Grant (DSG)**

153. The DSG is a grant which funds all Wiltshire Schools' revenue budgets, some central services which support schools, funds early years entitlement and the additional needs of children & young people (0-25) with SEN & disability or other high needs. The total grant for 2021/22 is £391.248 million.
154. In the Autumn of 2019, the government announced its pledge to boost schools and high needs funding. Building on the 2019/20 funding levels, the cash increases of £14.5bn over 3 years would comprise:
  - a. £2.6bn in 2020/21
  - b. £4.8bn in 2021/22 (increase by £2.2bn)
  - c. £7.1bn in 2022/23 (increase by £2.3bn)
155. In addition, a further £700m was pledged for High Needs nationally in 2020/21 and a further £730m for 2021/22.

156. The Department for Education (DfE) have continued to allocate school funding on the basis of the National Funding Formula (NFF) which should see all schools benefitting from the additional funding. Nationally, the Dedicated Schools Grant (DSG) shows an average increase of 3% in the pupil-led funding factors compared to 2020/21. The 2021/22 year is another 'soft' year with local Schools' Forum still retaining its role in determining the school funding allocation methodology.

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>Increase</u>	<u>Pay &amp; Pens.</u>
Schools Block	275,215,164	293,142,767	303,545,131	10,402,364	14,179,214
Central Block	2,570,343	2,479,715	2,455,503	-24,212	109,619
High Needs Block	47,091,825	51,996,188	57,029,690	5,033,502	805,430
Early Years Block	26,768,825	26,884,359	28,217,273	1,332,914	0
<b>TOTAL FUNDING</b>	<b>351,646,157</b>	<b>374,503,029</b>	<b>391,247,597</b>	<b>16,744,568</b>	<b>15,094,263</b>

157. The overall uplift includes baselining funding previously received as a separate grant in respect of teachers pay and pension increases therefore 'real' funding for comparative purposes is 4.47%, split as Schools at 3.55%, Central at (0.98%), High Needs at 9.68% and Early Years at 4.96%.
158. Schools Block - Schools Forum are due to agree the budget on the 21<sup>st</sup> January 2021 but, unlike previous years, the settlement means Wiltshire can afford to fully fund the NFF which is positive news for schools. Early Years Block – the proposed budget for 2021/22 will be agreed by Schools Forum on the 21<sup>st</sup> January 2021 includes an 8p per hour increase for 2-year-old funding (these are disadvantaged children) and 5p per hour increase for 3 & 4 year-old funding. Again, after a difficult year, this is a welcome increase although providers tell us these rates do not fully fund the cost of care and parents are charged for additional items such as lunches.
159. High Needs Block – despite the increase, the funding continues to not keep pace with demand, both nationally and locally. The SEN review announced in September 2019 is now anticipated early in 2021 and it is hoped that additional investment is recognised as well as a change to the outdated funding model which, puts Wiltshire at a disadvantage compared to other local authorities.
160. The pressures on the high needs block have led to a DSG deficit reserve estimated at £19.933 million at the 1<sup>st</sup> April 2021 and this of concern. The DfE have informed us that we are 66<sup>th</sup> 'on the list' which means, there are 65 other local authorities with a larger proportional DSG deficit than ourselves. Every local authority with a deficit larger than 1% of total DSG is required to submit a DSG Management Plan and this will be signed off by SEN Board and Schools Forum on the 21<sup>st</sup> January. This is attached at Appendix 12.

## Overview & Scrutiny Engagement

161. Regular reports are taken to Overview & Scrutiny relating to the Council's financial position and the budget report will be subject to review by the Councils Financial Planning Task Group.
162. In addition to reviews by elected members through the scrutiny process, the budget proposals will also be subject to review and scrutiny by a range of stakeholders, including Trade Unions and Business through meetings with them, Housing Panels consideration of the Housing Revenue Account proposals and Schools Forum consideration of the Dedicated Schools Grant changes.

### **Safeguarding Implications**

163. Safeguarding remains a key priority for the Council and this report outlines investment in services, in particular Adult Social Care and Children's Services, that reflects the commitment to safeguarding.

### **Public Health Implications**

164. The impact on public health has been significant in 2020/21 and this budget outlines the impact and the changes to the Councils services and funding as a result of the COVID-19 pandemic.
165. Contained within the budget proposals are the removal of the saving planned in 2020/21, which was to align the base public health spending in line with the Government grant received.
166. Given the current public health pandemic it is viewed that now is not the time to be progressing with a reduction in public health spending in Wiltshire.

### **Procurement Implications**

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

### **Equalities and diversity impact of the proposals**

168. The Council's budget planning framework is supported by the development of Equality Impact Assessments (EIAs) for the budget proposals, identifying possible disproportionate impact in relation to the protected characteristics as described within the Equality Act 2010. The EIAs will also identify potential mitigation where applicable.
169. The Council maintains its strong commitment to equality, believing that all groups and individuals within the community and its workforce have equal opportunity to benefit from the services and employment it provides. EIAs help the Council to arrive at informed decisions and to make the best judgements about how to target resources.
170. In a normal budget setting a high level Equality Impact Assessment would be undertaken for the budget and the individual saving proposals contained therein, to assess whether the proposals are positive or negative for a protected group.

171. Given the level of savings a high level EIA, as yet, hasn't been undertaken. Furthermore, the considerable growth being made within the budget for one year, it is expected that this will have an overall positive impact on service users, particularly children, older people and disabled people.

### **Environmental and Climate Change Considerations**

172. The business plan and budget that funds it have been developed to support strong, resilient communities in Wiltshire. The budget includes the continued resourcing of the Climate Team, formed during 2020/21, and funding within the capital programme for specific schemes aimed at reducing the Councils carbon footprint.

### **Risks Assessment**

173. The risks around the financial implications of COVID-19 on the Council have been well documented and reported on a regularly basis and this will continue for the remainder of the current financial year and into 2021/22 whilst the pandemic continues.
174. Assumptions on inflation and interest rates have also been documented in the report itself, clearly the Council is exposed to inflation rises and, to a lesser extent, interest rate rises. These have been factored into the Councils risk assessment when assessing the level of general fund reserves the Council should be holding.
175. The level of uncertainty has always been a risk, in terms of demand on services but this year with the COVID-19 pandemic has meant an even larger variable of risk. The Council has therefore tried to mitigate this through the level of growth assumptions within the MTFs, and then also to hold a reserve to deal with any demand that outstrips those assumptions.
176. There is a risk the pandemic continues are changes in a way currently not anticipated, requiring further response or impact on the Councils service provision and/or financial standing. In this instance, as we have seen in 2020/21, we would be expecting the Government to be stepping in to support the entire sector.
177. Lastly there is a risk around the Local Government Pension Scheme (LGPS) regulations with respect to exit cap payments. The Government passed legislation at the end of 2020 which introduced exit payment rules into the LGPS, however these are currently being contested and at present there is a hiatus on undertaking activity that may give rise to severances that would be captured under this regulation. This may delay any planned restructures the Council wants to undertake, and at this stage it is unclear the timing for resolution or the exact impact to employers and staff alike.

### **Financial Implications**

178. Under Section 25 of the Local Government Finance Act 2003 there is a statutory duty on the Section 151 Officer to report to Council at the time the budget is considered and the Council Tax set, an opinion on the robustness of the budget estimates and the adequacy of financial reserves.
179. There is also a legal requirement under the Local Government Act 1992, section 32 and 43 to set a balanced budget, and critically the 2021/22 budget is balanced, however over £28.7m of one off funding has been applied to achieve this position. Furthermore, the projections moving beyond 2021/22 are for a budget gap of over £45m in 2022/23, largely as a result of the removal of the one off funding sources.
180. Therefore, whilst this budget maintains services operating during the pandemic and into 2021/22 and signals improvements in financial resilience, it shouldn't be underestimated the challenges that lie ahead going into 2022/23 to ensure the Council operates within its financial envelope. The size of the challenge, as well as a significant level of uncertainty, will mean planning for the 2022/23 budget will need to begin early in the 2021/22 financial year.
181. The key risks in the budget are mainly in relation to demand led budgets in particular Social Care, Waste and Dedicated Schools Grant (DSG).
182. There are significant cost pressures arising from changing demographics and a growing, ageing population. These lead to increased demand for adult and children services, as well as other services across the Council. These pressures have been built into the budget and will continue to be reviewed to ensure the assumptions remain robust and financial impacts can be reported, and management action taken if necessary, however risk remains on the ability to manage this pressure.
183. The construction of the budget for 2021/22 and examination and validation of the budget proposals has been subject to challenge by the Corporate Leadership Team, Heads of Finance and service directors. Further scrutiny of the MTFs and budget proposals has been undertaken by the Financial Planning Task Group which is a standing task group of the Overview and Scrutiny Management Committee.
184. Business Rates assumptions have been prudently set, stripping out anticipated growth, and reducing the amount expected in total from the current retention system as a result of the significant uncertainties that lie ahead from April 2021. With no, as yet, announced Government support in this area or any specific sectors, this could have a potentially as yet unknown adverse impact on the amount the Council raises through this mechanism.
185. The assumptions on income from Council Tax have been overhauled from the previous MTFs and reflect the current dynamic with respect to universal credit increases and subsequent changes in Local Council Tax Support. Although it is anticipated that numbers on LCTS will increase further as the furlough scheme ceases, that these will be recovered during the remainder of the year.
186. Investment income returns are budgeted at 0.75% for 2021/2022. The current cost of borrowing for Wiltshire Council is 3.74%, and the average cost of new borrowing

would be around 1.5% (assume 25 year PWLB rates) following the lowering by 1% of rates following the spending review.

187. The Consumer Price Index (CPI) has been used as the set standard to forecast increases for contractual inflation. It is intended to move the Council over to this standard for all future contractual negotiations, where possible, to aid financial planning and budget/contract management. The assumption on pay has been adjusted down to reflect the announcement in the spending review but could represent a risk dependent on negotiations.
188. The Dedicated Schools Grant is a ring-fenced grant to fund activity relating to the provision of education services. As a result of this ring-fencing the assumption within the MTFS is that any deficit position does not impact on the general resources available to the council in terms of the general fund revenue account and any deficit reserve.
189. The United Kingdom's withdrawal from the European Union, together with other global financial issues, will have financial implications. These will be closely monitored and considered. It is too early to estimate the full extent of any financial impact arising from these changes.
190. There is still uncertainty in the overall Local Government finance position. The government has promised to consult on a fairer funding model from local government. This included business rates retention, changes to new homes bonus, reductions in ring fenced grants and possible new burdens. There is also no clear plan for a sustainable approach for funding social care. This means the Council faces a challenging time in balancing the budget and developing the medium term financial strategy.
191. Uncertainty as a result of COVID-19 pandemic and demand for services have meant that in some areas the capacity to deliver future changes will need to be closely monitored.
192. As part of the budget setting process, the levels of balances and reserves is reviewed and determined ensuring that the level is justifiable in the context of local circumstances. The Section 151 officer has reviewed the level in order to ensure a prudent level of balances that reflects a full risk assessment commensurate with the risks that the Council faces and the context within which the authority operates.
193. The Risk assessment as detailed in Appendix 7 has put context around the level of reserves held compared to a calculated risk adjusted assessment.
194. The forecast levels of earmarked reserves are set out in the MTFS report and forecast balances for future years over the period of the MTFS are shown. As can be seen the level of earmarked reserves is reducing. Although pressures such as demand, and demography are built into the revenue budget there is limited capacity within earmarked reserves to fund transformational activity.
195. On the basis of the above, the Section 151 Officer's advice is that the level of reserves, following the strategic approach to increase over the MTFS period and

provide increased reserve coverage of key financial risks is adequate, that the financial standing of the Council is sound in the context of those key risks and that the proposed budget is robust and achievable.

### **Legal Implications**

196. The Monitoring Officer considers that the proposals, together with this report, fulfil the statutory requirements set out below with regard to setting the amount of Council Tax for the forthcoming year and to set a balanced budget:

- Section 30(6) Local Government Finance Act 1992 ('the 1992 Act') requires that Council Tax must be set before 11 March, in the financial year preceding that for which it is set.
- Section 32 of the 1992 Act sets out the calculations to be made in determining the budget requirements, including contingencies and financial reserves.
- Section 33 of the 1992 Act requires the Council to set a balanced budget.
- Section 25(1) Local Government Act 2003 ('the 2003 Act') requires the Chief Finance Officer of the Council to report to it on (a) the robustness of the estimates made for the purposes of the calculations; and (b) the adequacy of the proposed financial reserves.
- Section 25(2) the 2003 Act requires that when the Council is considering calculations under Section 32, it must have regard to a report of the Chief Finance Officer concerning the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.
- The Local Authorities (Functions & Responsibilities) (England) Regulations 2000 (as amended) set out the respective functions of Council and of the Cabinet. With regard to the setting of the budget and Council Tax for the forthcoming year, the Regulations provide that the Cabinet formulates the plan or strategy (in relation to the control of the Council's borrowing or capital expenditure) and the preparation of estimates of the amounts to be aggregated in making the calculations under Section 32 of the 1992 Act. However, the adoption of any such plan or strategy/calculations is the responsibility of full Council.

197. The legislation that governs local government is changing significantly and the business plan will be kept under review to see if changes are needed as the changes in legislation are made available and clarified.

### **Proposals**

198. Cabinet is asked to approve the recommendations as set out in the report to enable a balanced budget and the level of Council Tax for 2021/22 to be set.

### **Reasons for Proposals**

199. To enable the Cabinet to recommend to Council a balanced revenue budget for the financial year 2021/22 and to set the level of Council Tax.

200. To enable effective, transparent decision making and ensure sound financial management as part of the Councils overall control environment.
201. This provides the Council with a MTF5 to begin to drive long term financial sustainability, look towards recovery and continue to deliver on the existing Councils business plan.

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**Background Papers and Consultation**

None

**Appendices:**

Appendix 1 – Service Totals for Proposed Budget 2021/22  
Appendix 2 – Detail by service on Base Budget Changes (Non COVID-19 related)  
Appendix 3 – Detail by service on COVID-19 Impact  
Appendix 4 – Detail by service of Contractual Inflation  
Appendix 5 – Detail by service of Demand  
Appendix 6 – Detail by service of Savings  
Appendix 7 – General Fund Reserve Risk Assessment  
Appendix 8 – Earmarked Reserves  
Appendix 9 – Capital Strategy 2021/22  
Appendix 10 – Capital Programme 2021/22 to 2029/30  
Appendix 11 – Housing Revenue Account 2021/22  
Appendix 12 – DSG Management Plan



Wiltshire Council Budget 2021/22 and Medium Term Financial Strategy 2021/22 to 2024/25  
Appendix 2 – Detail by service on Base Budget Changes (Non COVID-19 related)

Corporate Directorate	Service	Amount	Description
Corporate Director People	Adults 18+	(1.081)	Independent Living Fund reinstatement.
Corporate Director Resource	Revenues & Benefits - Subsidy	0.300	Forecast increased pressure.
Corporate Director Place	Countryside,RoW,Technical & Streetscene	0.060	Realignment of Income budget for Churchyards and Cemetery's to service forecast.
Corporate	Restructure & Contingency	(0.251)	Removal of the balance on pay growth provision not required from 2020/21.
Corporate	Corporate Levies	1.000	Realignment of Renewables NDR retained income to service forecast.
<b>Total Base Budget Change Non Covid</b>		<b>0.028</b>	

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Appendix 3 – Detail by service on COVID-19 Impact

Corporate Directorate	Service	Amount	Description
Corporate Director Resource	Strategic Asset & Facilities Management	0.542	Additional cleaning and hygiene supplies at Council buildings to maintain safe buildings (excludes Leisure centres) and comply to Government COVID measures £0.400m . 10% reduction to Fees & Charges Income budgets that have been impacted by COVID and are forecast to have ongoing implications £0.142m.
Corporate Director Place	Highways	0.092	10% reduction to Fees & Charges Income budgets that have been impacted by COVID and are forecast to have an ongoing implication. Services include Markets & Fairs and Development Control.
Corporate Director Place	Car Parking	0.927	Remove the MIPERMT convenience charge £0.090m. 10% reduction to Fees & Charges Car Parking Income budgets that have been impacted by COVID and are forecast to have an ongoing implication. Services include Off Street, On Street and Residents parking £0.837m.
Corporate Director Place	Libraries, Heritage & Arts	0.102	Remove City Hall operational budget £0.011m. 30% reduction to Libraries Fees & Charges Income budgets £0.081m and 10% reduction to Heritage Fees & Charges Income budgets £0.010m that have been impacted by COVID and are forecast to have an ongoing implication.
Corporate Director Place	Leisure	2.334	30% reduction to Leisure Centre Fees & Charges Income budgets that have been impacted by COVID and are forecast to have an ongoing impact £2.232m . Additional cleaning and hygiene supplies at Leisure centres to maintain safe buildings and comply to Government COVID measure £0.102m.
Corporate Director Place	Public Protection	0.081	10% reduction to Fees & Charges Income budgets that have been impacted by COVID and are forecast to have an ongoing implication. Services include Environmental Protection, Community Pest Control, Licencing.
Corporate Director Place	Economic Development & Planning	0.715	10% reduction to Fees & Charges Income budgets that have been impacted by COVID and are forecast to have an ongoing implication. Services include Development Management, Land Charges, Building Control and Enterprise Centres.
Chief Executive Directorates	Legal, Electoral & Registration	0.164	10% reduction to Fees & Charges Income budgets that have been impacted by COVID and are forecast to have an ongoing implication. Service include Legal and Registration.
<b>Total Covid Impact</b>		<b>4.957</b>	

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Appendix 4 – Detail by service of Contractual Inflation

Corporate Directorate	Service	Amount	Description
Corporate Director People	Mental Health	0.551	A range of anticipated uplift rates have been applied across all adult social care services, in line with those seen in 2020/21 of between 1.5% and 2.5%. The exception is block Nursing Home beds, where the anticipated cost increase is 5%.
Corporate Director People	Learning Disabilities	0.983	A range of anticipated uplift rates have been applied across all adult social care services, in line with those seen in 2020/21 of between 1.5% and 2.5%. The exception is block Nursing Home beds, where the anticipated cost increase is 5%.
Corporate Director People	Adults 18+	1.806	A range of anticipated uplift rates have been applied across all adult social care services, in line with those seen in 2020/21 of between 1.5% and 2.5%. The exception is block Nursing Home beds, where the anticipated cost increase is 5%.
Corporate Director People	Adults Commissioning	0.580	In Adults Commissioning the main services are block contracts, with formula uplifts based on national inflation indices. The average estimated rate is 3.1%
Corporate Director People	Children's Social Care	0.740	Contract inflation at a maximum of up to 2% for framework agreements and external contracts, industry standard of 0.8% for external legal fees and in house schemes reflect staff pay estimates as per usual practice
Corporate Director People	Children's Commissioning	0.007	Primary Mental Health - NHS net tariff inflation 21/22 could be an increase of +1%.
Corporate Director Resource	Strategic Asset & Facilities Management	0.256	Contract inflation for significant contacts i.e. Electricity, Gas, Water, NNDR, Cleaning. Inflation rates are based on contract, industry forecast or CPI and range from 2% to 5% .
Corporate Director Resource	Information Services	0.216	Contract inflation for Council application's and Microsoft Enterprise contracts. Inflation rates based on CPI at 2%.
Corporate Director Place	Highways	0.412	Contract inflation for significant contracts i.e. Highways Works, Highways Consultancy, Street Lighting Electricity etc. Inflation rates based on contract or industry forecast and range from 3% to 4%.
Corporate Director Place	Waste	1.093	Contract inflation for all significant contracts within the service i.e. Collection and Recycling, House Hold Recycling Centres, MrF, MBT, Lakeside, Landfill Tax etc. Inflation rates are based on contract rate, industry forecast or CPI and range from 2% to 3%.
Corporate Director Place	Transport	0.296	Contract inflation for all Significant contracts. Inflation rates based on CPI of 2%.
Corporate Director Place	Countryside,RoW,Technical & Streetscene	0.213	Contract inflation for all significant contracts, i.e. Highways Works, Grounds Maintenance etc. Inflation rates based on contract, industry forecast or CPI and range from 2% to 4%.
<b>Total Contractual Inflation</b>		<b>7.153</b>	

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Appendix 5 – Detail by service of Demand

Corporate Directorate	Service	Amount	Description
Corporate Director People	Mental Health	0.428	Demographic growth of 2.1%, as per Office of National Statistics data, has been applied across all client groups in line with the long-term trend. The impact on future demand from Covid is uncertain, in terms of both numbers of people and in terms of complexity of need.
Corporate Director People	Learning Disabilities	1.962	Demographic growth of 2.1%, as per Office of National Statistics data, has been applied across all client groups in line with the long-term trend. The impact on future demand from Covid is uncertain, in terms of both numbers of people and in terms of complexity of need.
Corporate Director People	Adults 18+	1.897	Demographic growth of 2.1%, as per Office of National Statistics data, has been applied across all client groups in line with the long-term trend. The impact on future demand from Covid is uncertain, in terms of both numbers of people and in terms of complexity of need. £0.386m for Performance & Data team expansion.
Corporate Director People	Children's Social Care	5.608	Increased demand on specialist external legal advice £0.2m, base budget funding for year 1 (20-21) £0.9m and Year 2 £1.5m of Fostering Excellence; other specialist social care placements £0.8m, increased demand for special guardianship and adoption support for children placed, £0.6m, increased demand for social care support for children with SEN & disability £1.5m, (numbers of 0-25s with an EHCP are rising by 10.73% per annum.) future COVID pressures are not addressed but costs arising will be drawn down from the demand reserve (app 7 refers.)
Corporate Director People	School Effectiveness	0.010	Increase capacity to extend safeguarding and health and safety checks to alternative provision providers
Corporate Director People	SEN & Inclusion	1.496	Estimate of increased demand on SEN transport - numbers of 0-25s with an EHCP are rising by 10.73% per annum
Corporate Director People	Children's Commissioning	0.040	Estimate of increased demand on SEN short breaks - numbers of 0-25s with an EHCP are rising by 10.73% per annum
Corporate Director Resource	Finance & Procurement	0.050	Increased Audit fees.
Corporate Director Resource	Strategic Asset & Facilities Management	0.030	Gypsy & Traveller Stopping Places maintenance.
Corporate Director Resource	Information Services	0.158	Net impact of Wiltshire Council no longer providing IT service for the Police.
Corporate Director Place	Highways	0.250	Ash Die back programme.
Corporate Director Place	Waste	1.498	Tonnage increase linked to Household growth has been assumed at 0.94% in line with tax base assumptions. Income rebase for recyclable materials.
Corporate Director Place	Leisure	2.179	Additional running costs of the first year associated with the contract extension and then the in-source and operation of the 10 Leisure Centres currently operated by Places for Leisure.
Corporate Director Place	Economic Development & Planning	1.000	Cabinet proposal to introduce a Recovery Fund for the sole purpose of supporting Wiltshire Market Towns in recovering from the COVID-19 pandemic.
Chief Executive Directorates	Legal, Electoral & Registration	1.100	Estimated provision for undertaking the planned Council Elections in May 2021.
Corporate	Financing and Investment Income and Expenditure	2.196	Capital Financing and Treasury requirements for Capital Programme £1.896m and Discretionary Council Tax Hardship relief scheme increase £0.250m.
Corporate	Restructure & Contingency	0.500	Contingent provision for potential inquest costs arising in 2021/22, ahead of the outcome of discussions with Government on meeting the estimated costs incurred.
<b>Total Demand</b>		<b>20.402</b>	

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Appendix 6 – Detail by service of Savings

Corporate Directorate	Service	Amount	Description
Corporate Director People	Children's Social Care	0.108	Unachievable savings in relation to Digital front door £0.023m, PAUSE partner contributions £0.050m and Voice & Influence £0.035m.
Corporate Director Resource	Strategic Asset & Facilities Management	0.157	Unachievable savings from review and devolution of Libraries.
Corporate Director Resource	Information Services	0.180	Unachievable saving for charging outside bodies for IT .
Corporate Director Place	Libraries, Heritage & Arts	0.231	Unachievable savings from review of Libraries £0.157m, increased income in Heritage £0.063m and VCS reductions in Arts £0.011m.
Corporate Director Place	Leisure	0.540	Unachievable saving in relation to Leisure Income VAT £0.528m and VCS reduction for Leisure £0.012m.
Corporate Director Place	Communications & Customer Services	0.139	Unachievable saving target in relation to advertising and events income and moving to a self-financed Events Team.
Chief Executive Directorates	Legal, Electoral & Registration	0.050	Unachievable Income target for Electoral Services.
Chief Executive Directorates	Public Health	1.000	The £1m prior year savings target for Public Health removed owing to the onset of the COVID-19 pandemic. Plans made for 2020/21 to align the spending on public health with the level of ringfenced grant received from Government have been deferred indefinitely and Public Health resources will be considered in the overall organisation and Wiltshire wide recovery.
Chief Executive Directorates	Corporate Directors & Service Devolution	0.200	Unachievable prior year saving associated to procurement but not allocated out or identified.
Corporate	Restructure & Contingency	1.010	Unachievable elements of Cross-cutting savings Agency staff, Purchased Annual Leave, Training, Mileage, Digital & Support Services.
<b>Total Prior Year Savings not achievable</b>		<b>3.615</b>	

Corporate Directorate	Service	Amount	Description
Corporate Director People	Adults 18+	(0.130)	Hospitals and Integration.
Corporate Director People	Children's Social Care	(0.153)	Year 1 Fostering Excellence savings - reduced by impact of COVID delay.
Corporate Director Resource	Strategic Asset & Facilities Management	(0.050)	Improving income from Operational Estate by adopting and implementing a consistent and commercial Third Party Charging Policy £0.030m. Full year effect of closure of Horton Rd Depot £0.020m.
Chief Executive Directorates	Human Resources & Org Development	(0.068)	Operational review of services saving.
Chief Executive Directorates	Corporate Directors & Service Devolution	(0.200)	Procurement target reinstated for 2021/22 to be overseen and challenged through the Councils Commercial Board and allocated to procurement activity that is undertaken during the financial year.
Corporate	Restructure & Contingency	(2.000)	As a result of the pandemic an external recruitment freeze was established from 1 July 2020. This has led to an underspend on establishment during 2020/21, and the Councils Leadership Team has looked to crystallise a proportion of this by removing £2m from the Councils budgeted establishment ongoing, recognising the changing demand and activity of the Council now and moving forward.
<b>Total Future Year Savings from in Year MTFP</b>		<b>(2.601)</b>	

Wiltshire Council Budget 2021/22 and Medium Term Financial Strategy 2021/22 to 2024/25  
 Appendix 7 – General Fund Reserve - Risk Assessed Balance

Key Financial Risks (Weighted Impact)

Risk	Quantification	ASSESSED FOR 2021/22		
		Potential Magnitude £m	Likelihood %	Weighted Magnitude £m
Adult Social Care increased demand for services above that built into the MTFS	Increased demand / demographic - with increasing demand for services nationally, and an ageing population being an acute pressure in Wiltshire, this could be higher.	4.300	15%	0.645
Adult Social Care Contractual Costs & Care Provider Market	A number of factors may impact upon price inflation for commissioned care costs. One of the most significant being insufficient supply of workforce resulting in wage inflation and therefore higher costs of services. The lack of capacity in some sectors of the care market, as well as changing behaviour and need as a result of the pandemic, creates challenges around market shaping, market growth, and ultimately competitive commissioning rates. Based upon gross commissioned care expenditure of circa £120m per annum, an above-budgeted price inflation of 5% driven by lack of capacity would equate to a cost pressure of £5m.	21.000	25%	5.250
Impact of key Adult Social Care large homecare contractor and/or care home going into administration / liquidation	Would require a new provider to carry out the service	20.000	10%	2.000
Adult Social Care reduction in the level of income received.	The move to gross payments to care providers, client debt recovery has/is become the responsibility of the Council, may increase the council's risk of irrecoverable debt.	3.000	25%	0.750
Children's Social Care increased demand for services above that built into the MTFS	Increased pressured on child in care placements, this is also a national concern. Wiltshire placements have increased significantly in the last two years, there is a risk this trajectory could continue beyond preventative measures. A 10% increase in the gross expenditure of Children Social Care would be circa £5m. This is the equivalent of 12 high-end agency residential placements.	5.000	15%	0.750
Realisation of future 'Accountable Body' liabilities	Financial exposure on funding being directed through SWLEP and other projects where the Council acts as the Accountable body	200.000	1%	2.000
Potential non-delivery of capital receipts to fund the capital programme	Subject to property market and asset rationalisation programme / devolution	10.000	5%	0.500
Risk of adverse weather conditions	Extreme weather instances are increasing, coupled with reduced budgets	15.000	25%	3.750
Loss of VAT Partial Exemption	Total impact of losing exemption	3.800	10%	0.380
Universal Credit reducing the level of housing subsidy reclaimable from DWP as well as increasing demand for services & cost through Local Council Tax Support	Current trend in higher than expected level of Universal Credit claimants continues in 2021/22. This results in reduced overpayment recoveries from DWP as a result of the introduction of Universal Credit, as as increased demand for services and reduced level of Council Tax receipts	7.000	25%	1.750
Drop in demand for key income streams	Current levels to meet estimated income levels fluctuate beyond expected market conditions	45.000	5%	2.250
Planning Appeals	Estimated cost to the Council of successful planning appeals, no longer mitigated through other reserves	0.500	25%	0.125
Investment Loss	Based on an assessment of risk within the Councils General Fund Treasury Cash Investment Portfolio	110.000	0.5%	0.550
Abortive Costs on Capital Programme	Approved Capital Programme £250m - assumed 3% default on loans to Stone Circle due to schemes not being successful and 2% abortive costs on remainder being mainly fees on schemes that prove not to be viable	5.800	25%	1.450
Non Delivery of Savings	Level of 2021/22 savings built into the budget - allowing for an element of non delivery during the year based on previous years delivery rates	2.600	10%	0.260
2021/22 Pay deal to be negotiated with the Unions	The pay deal for 2021/22 is an unknown quantity given the Spending Review. Negotiations will need to take place but this risk is based on being 1% of pay	1.400	25%	0.350
<b>Total</b>				<b>22.760</b>

Wiltshire Council Budget 2021/22 and Medium Term Financial Strategy 2021/22 to 2024/25

Appendix 8 – Earmarked Reserves Forecast

Earmarked Reserve	31 March 2020 Balance £m	31 March 2021 Forecast £m	31 March 2022 Forecast £m	Purpose
PFI Reserve	(3.182)	(2.770)	(2.500)	To manage the changes to the unitary charges on the Monkton Park PFI arrangement.
Insurance Reserve	(3.485)	(3.500)	(3.500)	Contingency to cover insurance liability exposure that is not covered by insurance policies.
Revenue Grants Earmarked Reserve	(3.542)	(3.542)	(3.500)	Unspent grant without return obligations, such as One Public Estate, iBCF, Housing and Homelessness grants
PFI Housing Scheme Earmarked Reserve	(2.663)	(2.663)	(2.500)	To manage the changes to the unitary charges on the housing PFI arrangement.
Economic Development & Planning Reserve	(0.052)	(0.052)	-	Small balance remaining to support Economic Development and Planning related activity
Single View of the Customer Reserve	(0.741)	(0.111)	-	Grant and partnership funding to support customer access improvements
Play Area Asset Transfers	(0.059)	(0.059)	(0.059)	Small balance remaining to support additional financial support required to transfer play area assets
Enabling Fund	(0.140)	(0.140)	(0.140)	Historic balance has been set aside to support abortive costs of schemes where costs exceed the revenue budget
Business Rates Equalisation Fund	(0.309)	(0.309)	(0.309)	Historic balance set aside to manage changes to business rates
Leisure	(0.037)	(0.037)	-	Small balance remaining to support Leisure related activity
Salisbury Recovery	(0.500)	-	-	To manage and support on-going recovery costs for Salisbury
Public Health Grant	(0.839)	(0.839)	(0.839)	Ring-fenced unspent Public Health Grant set aside to support Public Health activity in future years
Rough Sleepers	(0.166)	(0.166)	-	Unspent grant without return obligations to support Rough Sleepers support
Flexible Housing Support	(0.287)	(0.287)	-	Unspent grant without return obligations to support Housing related activity
Homelessness Reduction	(0.121)	(0.121)	-	Unspent grant without return obligations to support Homelessness support
COVID-10 Grant	(11.079)	-	-	Emergency COVID-19 funding given in 2019/20 but not used. All fully used in 2020/21
Budget Equalisation	-	(4.165)	-	New reserve set up in 2020/21 to support budget setting for 2021/22
Latent Demand	-	(4.958)	(1.958)	New reserve set up in 2020/21 to support the potential latent demand over and above demand provided for in the 2021/22 budget
Collection Fund Volatility	-	(8.613)	(4.334)	Monies set aside to manage the on-going deficit on the collection fund and unforeseen additional impacts
<b>General Fund Earmarked Reserves</b>	<b>(27.202)</b>	<b>(32.332)</b>	<b>(19.639)</b>	
Locally Managed Schools' Balances	(8.091)	(7.800)	(7.500)	Ring-fenced schools balances reducing due to anticipated academy conversions
DSG Reserve	11.377	20.377	30.377	Ring-fenced Dedicated Schools Grant -
<b>DSG Total Reserves</b>	<b>3.286</b>	<b>12.577</b>	<b>22.877</b>	
<b>Total Earmarked Reserves</b>	<b>(23.916)</b>	<b>(19.755)</b>	<b>3.238</b>	

# Wiltshire Council Budget 2021/22 and Medium Term Financial Strategy 2021/22 to 2024/25

## Appendix 9 – Capital Strategy 2021/22

1. This report presents the Capital Strategy for 2021/22 as well as sets the Capital Programme for 2021/22 with future years projected to 2029/2030.
2. The Capital Strategy is an annual requirement that must be authorised 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 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.” (Para 21 Prudential code)
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. This strategy also encompasses the requirements of the new legislation regarding Non-Financial Assets which are held primarily or partially to generate a profit such as investment property portfolios. These requirements are clearly set out in the statutory guidance on Local Government Investments (3rd edition).
9. 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

10. The Capital Programme is approved by Full Council annually. The proposed Capital Programme 2021/22-2029/30 is attached in full as Appendix 10 and totals £1,020.925 million over this 9-year period.
11. The Capital Programme sets out the capital projects that the Council plans to invest in over the next 9 years from 2021/22 to 2029/30; the amount of budget per project per year and the indicative sources of funding.
12. The Capital Programme has been reviewed and all figures validated, amended and reprofiled in consultation with Capital Project Leads where necessary.
13. The revenue impacts (e.g. external interest payable and Minimum Revenue Provision (MRP)) of the proposed capital programme 2021/22-2029/30 have been factored into the 2021/22 revenue budget setting process and MTFS.
14. The key objectives of Wiltshire Council's Capital Programme are to ensure;
  - Capital assets are used to support the delivery of corporate priorities and council services (including the Housing Revenue Account (HRA)) in line with the Council's 4 key business plan priorities;
  - Expenditure is aligned to the Council's Asset Management Plan 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.
15. In setting the Capital Programme, the Council will strongly 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.
16. 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.
17. Capital projects within the Capital Programme are aligned to the Council's key priorities as set out in the Wiltshire Council Business Plan 2017-2027. These key priorities are:
  - **Growing the Economy (£626.229 million in the period 2021/22-2029/30)**

We want to continue sustainable growth in our communities, and grow the skills of the local workforce so that we can continue to attract and retain high value businesses in Wiltshire. To do that we also recognise we need to

have high quality schools, colleges and Higher Education provision, good transport networks and employment sites, as well as sufficient housing in clean, safe and attractive environments.

Capital projects include Council House Build Programme; Refurbishment of the Council's Housing Stock; Highways Structural Maintenance; Housing Infrastructure Fund (HIF); Major Road Network (MRN); and LED Street Lighting.

- **An Innovative and Effective Council (£226.269 million in the period 2021/22-2029/30)**

Looking ahead, we must continue to be innovative in how we work. Doing things differently means that some difficult decisions will need to be made in order that the rising demand for some services can be met. We will also focus on generating income by adopting a more commercial approach in what we do and seizing the opportunity to work with businesses for mutual benefits. By working closely with communities, businesses and public sector partners we can achieve so much more and together we can make Wiltshire an even better place in which to live, work and visit. We will continue to make Wiltshire a special place where communities are strong, more connected and able to cope with any challenges they face.

Capital projects include those that are cross-cutting; aiming to transform services or facilitating a more commercial approach such as Stone Circle Housing Company; Stone Circle Development Company; Carbon Reduction; Operational Property Energy Efficiency and Generation; and a number of ICT related schemes such as ICT Get Well and ICT Applications, which includes the replacement of the Enterprise Resource Planning (ERP) System.

- **Protecting Those Who Are Most Vulnerable (£30.475 million in the period 2021/22-2029/30)**

We want to build communities that enable all residents to have a good start in life, enjoying healthy and fulfilling lives through to a dignified end of life. We will provide people with the opportunities and skills to achieve this by investing in early intervention, prevention and promoting community inclusivity. Where care is needed, health and social care will be delivered seamlessly to the highest standards. For the most vulnerable we will work closely with health and the voluntary sector to provide appropriate, local, cost efficient and good quality care packages, support and facilities.

Capital project for Disabled Facilities Grants.

- **Stronger Communities (£137.952 million in the period 2021/22-2029/30)**

We want people in Wiltshire to be encouraged to take responsibility for their well-being, build positive relationships and to get involved, influence and take action on what's best for their own communities – we want residents to succeed to the best of their abilities and feel safe where they live and work.

Capital projects include Health & Wellbeing Centres; Schools Basic Need; Special Schools and Schools Maintenance & Modernisation.

18. A copy of the Capital Programme 2021/22-2029/30 is attached as Appendix 10. The following table provides a summary of the Capital Programme by Business Plan Priority

By Business Plan Priority	2021/22 Budget £m	2022/23 Budget £m	2023/24 Budget £m	2024/25 Budget £m	Future Years £m	TOTAL £m
Growing the Economy	77.569	118.773	86.582	54.401	288.904	626.229
Innovative and Effective Council	73.091	77.064	43.801	16.987	15.326	226.269
Protecting the Vulnerable	3.475	4.000	4.000	4.000	15.000	30.475
Stronger Communities	60.216	25.509	15.862	13.115	23.250	137.952
<b>General Fund and Housing Revenue Account Total</b>	<b>214.351</b>	<b>225.346</b>	<b>150.245</b>	<b>88.503</b>	<b>342.480</b>	<b>1,020.925</b>

19. The following table provides a summary of the Capital Programme by Service

By Service	2021/22 Budget £m	2022/23 Budget £m	2023/24 Budget £m	2024/25 Budget £m	Future Years £m	TOTAL £m
Economic Development & Planning	11.282	1.691	-	-	-	12.973
Housing & Commercial Development	65.800	121.524	71.978	19.299	25.751	304.352
Highways & Environment	27.288	19.320	19.320	19.320	96.600	181.848
Digital & Information	18.188	13.672	6.580	0.097	0.097	38.634
Communities & Neighbourhood	26.619	4.050	3.050	1.050	5.250	40.019
Education & Skills	23.619	12.946	5.550	4.803	18.000	64.918
Joint Commissioning	9.978	8.513	7.262	7.262	-	33.015
Resources	-	11.065	1.340	1.188	2.075	15.668
<b>General Fund Total</b>	<b>182.774</b>	<b>192.781</b>	<b>115.080</b>	<b>53.019</b>	<b>147.773</b>	<b>691.427</b>
Housing Revenue Account	31.577	32.565	35.165	35.484	194.707	329.498
<b>Housing Revenue Account Total</b>	<b>31.577</b>	<b>32.565</b>	<b>35.165</b>	<b>35.484</b>	<b>194.707</b>	<b>329.498</b>
<b>General Fund and Housing Revenue Account Total</b>	<b>214.351</b>	<b>225.346</b>	<b>150.245</b>	<b>88.503</b>	<b>342.480</b>	<b>1,020.925</b>

20. The Capital Programme for 2021/22 proposes a total value of £214.351 million of capital works. This maintains a long-term Capital Programme of £1,020.925 million for the period 2021/22 to 2029/30.

21. Major schemes over the period 2021/22-2029/30) total £652.260 million, consisting of 64% of the overall Capital Programme are as follows:

By Service	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget	Future Years	TOTAL	Grants	HRA	Borrowing - Funded by Revenue Saving in Service	Borrowing	TOTAL
	£m	£m	£m	£m	£m	£m					
Stone Circle Housing Company Loan	29.400	12.022	12.227	0.799	0.751	55.199			55.199		55.199
Stone Circle Development Company Loan	1.882	10.050	8.751	-	-	20.683			20.683		20.683
Housing Infrastructure Fund (HIF)	5.780	32.500	32.500	-	-	70.780	70.780				70.780
Structural Maintenance & Bridges	16.139	16.139	16.139	16.139	80.695	145.251	145.251				145.251
Special Schools	7.984	8.513	7.262	7.262	-	31.021				31.021	31.021
<b>General Fund Total</b>	<b>61.185</b>	<b>79.224</b>	<b>76.879</b>	<b>24.200</b>	<b>81.446</b>	<b>322.934</b>	<b>216.031</b>	<b>-</b>	<b>75.882</b>	<b>31.021</b>	<b>322.934</b>
Council House Build Programme	18.683	18.375	20.634	20.537	110.680	188.909		188.909			188.909
HRA - Refurbishment of Council Stock	12.822	14.190	14.531	14.947	84.027	140.517		140.517			140.517
<b>Housing Revenue Account Total</b>	<b>31.505</b>	<b>32.565</b>	<b>35.165</b>	<b>35.484</b>	<b>194.707</b>	<b>329.426</b>	<b>-</b>	<b>329.426</b>	<b>-</b>	<b>-</b>	<b>329.426</b>
<b>General Fund and Housing Revenue Account Total</b>	<b>92.690</b>	<b>111.789</b>	<b>112.044</b>	<b>59.684</b>	<b>276.153</b>	<b>652.360</b>	<b>216.031</b>	<b>329.426</b>	<b>75.882</b>	<b>31.021</b>	<b>652.360</b>

22. Further detail on these major schemes is as follows:

### **Stone Circle Housing and Development Company**

This scheme relates to the two companies that the Council set up in 2020, Stone Circle Housing Company and Stone Circle Development Company.

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 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.

The total budget for these schemes over the period 2021/22-2029/30 is £75.882 million and will be financed by external borrowing which will be funded by returns from the Stone Circle Housing and Development companies.

### **Housing Infrastructure Fund (HIF)**

This scheme relates to the delivery of significant infrastructure works, employment land and housing development in and around Chippenham. The total budget for this scheme over the period 2021/22-2029/30 is £70.780 million and is funded by external grants from Central Government following a successful application to Central Government's Housing Infrastructure Fund (HIF). Further details on this scheme are detailed in the Cabinet report of October 2019.

### **Structural Maintenance**

This scheme includes the resurfacing of roads, reactive patching, surface dressing, drainage and pothole repairs. The total budget for this scheme over the period 2021/22-2029/30 is £145.251 million and is funded by external grants from Central Government.

### **Special Schools**

This scheme relates to the proposed provision in a new centre of excellence for pupils with special needs and disabilities. It will be developed at Rowdeford near Devizes to match the excellent facilities at Exeter House, Salisbury.

The purpose-built special school will address the demand needs for additional SEND places for Wiltshire while providing:

- Outstanding teaching from well-trained, well-paid, caring, specialist and dedicated staff
- 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

The total budget for this scheme over the period 2021/22-2029/30 is £31.021 million and is funded by external borrowing; the revenue costs associated with this external borrowing have been included in the Medium-Term Financial Strategy (MTFS).

### **Council House Build Programme**

This scheme relates to further phases of the Council House Build Programme aligned to the remodelled Housing Revenue Account (HRA) business plan 2021-2051 that was approved by Cabinet in November 2020. The total budget for this scheme over the period 2021/22-2029/30 is £188.909 million 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.

### **HRA - Refurbishment of Council Stock**

This scheme is 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 2021/22-29/30 is £140.517 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**

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

Financing	2021/22 Budget £m	2022/23 Budget £m	2023/24 Budget £m	2024/25 Budget £m	Future Years Budget £m	Total Budget £m
Grants	57.212	64.869	58.520	25.970	124.100	330.671
Contributions	0.883	0.000	0.000	0.000	0.000	0.883
HRA	31.576	32.566	35.165	35.484	194.705	329.496
Capital Receipts	3.277	2.639	0.000	0.000	0.000	5.916
Borrowing - Funded by Revenue Saving in Service	44.901	70.124	33.478	13.299	0.751	162.553
Borrowing	76.502	55.148	23.082	13.750	22.924	191.406
<b>Total Financing</b>	<b>214.351</b>	<b>225.346</b>	<b>150.245</b>	<b>88.503</b>	<b>342.480</b>	<b>1,020.925</b>

24. 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.
25. **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 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.
26. **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 major repairs reserve.
27. **Capital Receipts** - The income received over the value of £0.010 million from the disposal of Fixed Assets or the repayment of loans for capital purposes is defined as a capital receipt. They can normally<sup>1</sup> 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 and ring-fences receipts generated from the disposal of HRA assets to fund HRA projects.
28. **Borrowing (funded by service revenue saving)** – 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:

By Service	2021/22 Budget £m	2022/23 Budget £m	2023/24 Budget £m	2024/25 Budget £m	Future Years £m	TOTAL £m
Commercial - Commercial Investment	8.000	16.852	12.500	12.500		49.852
Stone Circle Housing Company Loan	29.400	12.022	12.227	0.799	0.751	55.199
Wiltshire College Loan	2.545	-	-	-		2.545
Stone Circle Development Company Loan	1.882	10.050	8.751	-		20.683
Salisbury Central Car Park & Maltings	-	33.100	-	-		33.100
<b>General Fund Total</b>	<b>41.827</b>	<b>72.024</b>	<b>33.478</b>	<b>13.299</b>	<b>0.751</b>	<b>161.379</b>

29. **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).
30. **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**

31. 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.
32. 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.
33. 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 when it is incurred.

### **Asset Management Plan**

34. The council's Asset Management Plan sets out the strategic approach to managing the council's land and property assets and brings together the relevant asset management policy frameworks. These frameworks 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 stock.
35. Wiltshire Council has a strategic and commercial approach to managing assets, this will be clearly set out in the Asset Management Plan. The council shares resources with other public services and uses technology, buildings and other assets flexibly to maximise value and reduce costs.
36. We develop community campuses and hubs in towns across Wiltshire to enable public services to co-locate and improve customer service. This development programme also helps us reduce the numbers of buildings we own and their associated repair and maintenance costs.

37. As buildings are freed up we create opportunities for commercial lettings of spare space or development opportunities for jobs and homes. Any capital receipts are re-invested in improving facilities elsewhere, or used for enabling strategic land purchases for development, employment, investment or transformation.

### **Restrictions on Borrowing**

38. In October 2018, Central Government announced a policy change of abolition of the HRA debt cap effective from 29 October 2018.

## **COMMERCIAL ACTIVITY**

### **Non- Financial Investments**

39. The Prudential Code issued by CIPFA requires that a council should not borrow more than, or in advance of need purely to profit from the investment of the extra sums borrowed. This Statutory Guidance requires that where borrowing in advance is enacted by a council that the rationale for the decision is clearly set out to ensure that external auditors, tax payers and interested parties are able to hold the council to account for the reasons for the borrowing. This will be included in the decision- making process.

40. Non-financial investments are those that are primarily held to generate a profit. Where the council holds a non-financial investment, due consideration will be given to the asset being able to retain sufficient value to provide security of investment using the fair value model in accordance with international Accounting Standard 40: Investment Property.

41. Assets that generate revenue income solely through fees and charges for discretionary services levied under section 93 of the Local Government Act 2003 will not be classified as non-financial investments for the purposes of this strategy.

42. Where there are several different objectives, when a decision is being taken to acquire an asset and the asset is not solely held for yield, then the asset will be categorised in accordance with the type of contribution made by that asset as follows:

- Yield/Profit
- Regeneration
- Economic benefit/business rates growth
- Responding to local market failure
- Treasury management

43. Assets classified as contributing to regeneration or local economic benefit will demonstrate that the investment forms part of a project within the Local Plan.

44. In advance of entering into any such investment the council will explicitly assess the risk of any loss which will make clear:

- The assessment of the market within which it is competing
- The nature of that competition and the future expected evolution of the market

- Any barriers to entry and exit of the market and any ongoing investment requirements
  - The use of external advisors, explicitly:
    - Treasury Management advisors
    - Property Investment advisors – Red Book valuation & Ancillary valuations, Income & Lease risk assessment
    - Further specialist advisors – Market and Competitor assessments, Full Structural Buildings Survey, Vendor assessment & rationale for disposal
    - Specialist advisors to support s151 assessment of the potential investment
  - The management arrangements for the use of external advisors
  - The credit ratings issued by the credit rating agencies where this is relevant, the frequency which these are monitored and what action is to be taken should these ratings change
  - The further sources of information used to assess and monitor the risk
45. The Council will look to invest in good quality commercial properties, to add to the current investment portfolio and to seek higher yields, which can provide secure and sustainable returns in accordance with the Statutory Guidance on Local Government Investments. The Council will adopt a balanced portfolio approach to investment, management and turnover of properties in order to ensure risk is balanced across its investments. This will take into account the type of properties acquired and their location in particular.
46. As an asset class, investment property provides a better total return in terms of both rental income and capital appreciation than cash investments, whilst also maintaining a high level of security. Whilst property values can be subject to short term fluctuations, values are typically stable or rising over the medium to long term. However, it is noted that property is a longer-term investment with monies tied up in the property assets not normally accessible in the short term.
47. It should be noted that the definition of investment includes loans made by the council to any wholly-owned companies in the future or associates, to a joint venture or a third party.
48. The criteria to be applied to the purchase of any properties for investment purposes under this strategy are clearly defined and agreed. The main criteria agreed are:

**Type** – Properties will be acquired at prices supported by independent valuations, with the objective of developing and retaining a balanced investment portfolio;

**Return** - Investment properties acquired generate an initial net yield of a minimum of 2%. The net yield to be calculated taking into account all costs associated with acquisition;

**Occupancy** - Properties being acquired should be occupied by tenants with suitable financial covenant strength and on a lease (or equivalent) agreement with no less than three years term unexpired;

**Maintenance** - Properties will be maintained during the period of ownership to a standard that will maximise rental income streams and sale value at disposal; and

**Location** - Acquisitions are not limited to being located within the Wiltshire Council area where they are acquired, with the purpose of generating income which can be reinvested into public services. It is anticipated that in Council area purchases will form the main, initial focus of the Strategy.

49. Income generated from investment income currently represents less than 1% of the Council's gross income which supports the delivery of core services. Whilst it is intended that increased investment in this area will provide a valuable source of income, the overall investment programme will support less than 2% of the Council's gross annual expenditure.
50. The Statutory Guidance on Local Government Investments requires that a range of indicators is presented to allow members and other interested parties to understand the total exposure from borrowing and investment decisions. These will cover both the current position and the expected position assuming all planned investments for the following year are completed. The indicators do not take account of Treasury Management investments which are managed under the Treasury Management Strategy unless these are expected to be held for more than 12 months.
51. The indicators are set out in the table below:

<b>Indicators</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>	<b>2024/2025</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>1.Gross debt (in relation to commercial investments) to Net Service Expenditure limit</b> Gross debt as a percentage of net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority.	9%	15%	23%	29%	28%
<b>2.Commercial Income to Net Service Expenditure Dependence</b>	1.0%	1.0%	1.0%	1.0%	1.0%

on non-fees and charges income to deliver core services. Fees and charges should be netted off gross service expenditure to calculate NSE.					
<b>3.Investment Cover ratio limit</b> The total net income from property investments, compared to the interest expense.	0	3.2	2.5	1.6	1.3
<b>4.Loan to asset value ratio</b> The amount of debt compared to the total investment property asset value	0.6	0.7	0.8	0.8	0.8
<b>5.Target income returns (after MRP &amp; Interest)</b> Net revenue income compared to equity. This is a measure of achievement of the portfolio of properties.	2.0%	2.0%	2.0%	2.0%	2.0%
<b>6.Income Return on other Property Fund</b>	3.8%	3.8%	3.8%	3.8%	3.8%

<p><b>Investments</b></p> <p>As a measure against other investments and against other council's property portfolios.</p>					
<p><b>7.Gross Income</b></p> <p><b>Net Income</b></p> <p>The income received from the investment portfolio at a gross level and net level (less interest, MRP and operational costs) over time.</p>	<p>11.5%</p> <p>11.5%</p>	<p>6.2%</p> <p>4.9%</p>	<p>4.1%</p> <p>2.4%</p>	<p>3.2%</p> <p>1.2%</p>	<p>3.2%</p> <p>0.6%</p>
<p><b>8.Operating costs % of Income</b></p> <p>The trend in operating costs of the non-financial investment portfolio over time, as the portfolio of non-financial investments expands</p>	<p>10%</p>	<p>10%</p>	<p>10%</p>	<p>10%</p>	<p>10%</p>
<p><b>9.Vacancy levels and Tenant exposures for non-financial investments</b></p> <p>Monitoring vacancy levels (voids) ensure</p>	<p>5%</p>	<p>5%</p>	<p>5%</p>	<p>5%</p>	<p>5%</p>

<p>the property portfolio is being managed (including marketing and tenant relations) to ensure the portfolio is productive as possible.</p>					
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52. For non-financial assets, the council is required to consider security by reference to the value of the asset relative to purchase price and to set out plans to recoup the investment where realising the asset would not recoup the sums invested. In the period immediately after purchase, it is expected that the costs directly attributable to the purchase of the asset will be greater than the realisable value of the asset. In this situation, the strategy will disclose the period expected for it to take for the increase in asset values to provide security for the sums invested and the assumptions underpinning that expectation.
53. The liquidity of the non-financial investment portfolio will be considered over the repayment period of any debt taken out to acquire the assets. Further to this, to manage the risk of delivery of value over the lifetime of the assets, consideration of the trade-offs between accepting capital loss and refinancing debt incurring additional debt servicing costs where relevant.

**KNOWLEDGE AND SKILLS**

54. 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**

55. The Council will use external consultancy services where there is a requirement to do so.

**Training**

56. 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.

57. 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

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

59. 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:

<b>By Service</b>	<b>2021/22 Budget £m</b>	<b>2022/23 Budget £m</b>	<b>2023/24 Budget £m</b>	<b>2024/25 Budget £m</b>
Revenue Cost of Capital Financing	25.014	33.760	33.854	36.241

### Workforce Implications

60. Staff who are working on 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 in terms of job security and continuity of employment at the end of the programme of work. However, the council has in place robust policies and procedures to support this.

Wiltshire Council Budget 2021/22 and Medium Term Financial Strategy 2021/22 to 2024/25  
Appendix 10 – Capital Programme 2021/22 to 2029/30

Scheme name	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
	£m								
<b>Economic Development &amp; Planning</b>									
Boscombe Down	-	1.191	-	-	-	-	-	-	-
Chippenham Station HUB	2.857	-	-	-	-	-	-	-	-
Porton Science Park	6.600	0.500	-	-	-	-	-	-	-
Salisbury Future High Streets	1.000	-	-	-	-	-	-	-	-
Wiltshire Ultrafast Broadband	0.825	-	-	-	-	-	-	-	-
<b>Economic Development &amp; Planning Total</b>	<b>11.282</b>	<b>1.691</b>	<b>-</b>						
<b>Housing &amp; Commercial Development</b>									
Capital Receipt Enhancement	0.150	-	-	-	-	-	-	-	-
Commercial - Commercial Investment	8.000	16.852	12.500	12.500	-	-	-	-	-
Stone Circle Housing Company Loan	29.400	12.022	12.227	0.799	0.019	0.119	0.141	0.163	0.309
Wiltshire College Loan	2.545	-	-	-	-	-	-	-	-
Stone Circle Development Company Loan	1.882	10.050	8.751	-	-	-	-	-	-
Depot & Office Strategy	4.794	3.000	-	-	-	-	-	-	-
Disabled Facilities Grants	3.475	4.000	4.000	4.000	3.000	3.000	3.000	3.000	3.000
Facilities Management Works	3.140	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
Gypsies and Travellers Projects	1.300	-	-	-	-	-	-	-	-
Housing Infrastructure Fund (HIF)	5.780	32.500	32.500	-	-	-	-	-	-
North Wiltshire Schools PFI Playing Fields	0.300	-	-	-	-	-	-	-	-
Operational Property Energy Efficiency and Generation	2.200	6.900	-	-	-	-	-	-	-
Park & Ride Solar Panel Canopies	2.200	1.100	-	-	-	-	-	-	-
Salisbury Central Car Park & Maltings	-	33.100	-	-	-	-	-	-	-
Social Care Infrastructure & Strategy	0.634	-	-	-	-	-	-	-	-
<b>Housing &amp; Commercial Development Total</b>	<b>65.800</b>	<b>121.524</b>	<b>71.978</b>	<b>19.299</b>	<b>5.019</b>	<b>5.119</b>	<b>5.141</b>	<b>5.163</b>	<b>5.309</b>
<b>Highways &amp; Environment</b>									
Fleet Vehicles	1.059	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Integrated Transport	2.181	2.181	2.181	2.181	2.181	2.181	2.181	2.181	2.181
LED Street Lighting	3.074	-	-	-	-	-	-	-	-
Major Road Network (MRN)	4.130	-	-	-	-	-	-	-	-
Structural Maintenance & Bridges	16.139	16.139	16.139	16.139	16.139	16.139	16.139	16.139	16.139
Waste Services	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Churchfields Depot Drainage and Traffic Management	0.205	-	-	-	-	-	-	-	-
<b>Highways &amp; Environment Total</b>	<b>27.288</b>	<b>19.320</b>							
<b>Digital &amp; Information</b>									
ICT Applications	8.265	8.396	2.575	-	-	-	-	-	-
ICT Business as Usual	1.938	0.866	1.636	-	-	-	-	-	-
ICT Other Infrastructure	1.396	-	-	-	-	-	-	-	-
ICT Get Well	4.522	4.313	2.272	-	-	-	-	-	-
Wiltshire Online	2.067	0.097	0.097	0.097	0.097	-	-	-	-
<b>Digital &amp; Information Total</b>	<b>18.188</b>	<b>13.672</b>	<b>6.580</b>	<b>0.097</b>	<b>0.097</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Communities &amp; Neighbourhood</b>									
Area Boards and LPSA PRG Reward Grants	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800
Community Projects	0.400	-	-	-	-	-	-	-	-
Fitness Equipment for Leisure Centres	0.550	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Health and Wellbeing Centres - Live Schemes	22.369	3.000	2.000	-	-	-	-	-	-
Libraries - Self Service	0.500	-	-	-	-	-	-	-	-
Leisure Requirements	2.000	-	-	-	-	-	-	-	-
<b>Communities &amp; Neighbourhood Total</b>	<b>26.619</b>	<b>4.050</b>	<b>3.050</b>	<b>1.050</b>	<b>1.050</b>	<b>1.050</b>	<b>1.050</b>	<b>1.050</b>	<b>1.050</b>
<b>Education &amp; Skills</b>									
Access and Inclusion	0.120	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Basic Need	14.516	5.154	0.400	0.400	0.400	0.400	0.400	0.400	0.400
Devolved Formula Capital	0.550	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Schools Capital Maintenance	1.000	1.000	1.000	1.000	-	-	-	-	-
Schools Maintenance & Modernisation	7.033	2.850	2.800	2.750	2.700	2.650	2.600	2.550	2.500
Stonehenge School Replacement of Lower Block	0.400	3.342	0.750	0.053	-	-	-	-	-
<b>Education &amp; Skills Total</b>	<b>23.619</b>	<b>12.946</b>	<b>5.550</b>	<b>4.803</b>	<b>3.700</b>	<b>3.650</b>	<b>3.600</b>	<b>3.550</b>	<b>3.500</b>
<b>Joint Commissioning</b>									
Early Years & Childcare	0.333	-	-	-	-	-	-	-	-
Special Schools	7.984	8.513	7.262	7.262	-	-	-	-	-
Abnormal Costs in Development of SEND Free School	0.350	-	-	-	-	-	-	-	-
SEND Special School Capacity & Alternative Provision	1.311	-	-	-	-	-	-	-	-
<b>Joint Commissioning Total</b>	<b>9.978</b>	<b>8.513</b>	<b>7.262</b>	<b>7.262</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Resources</b>									
Other Capital Schemes to be confirmed	-	11.065	1.340	1.188	0.415	0.415	0.415	0.415	0.415
<b>Resources Total</b>	<b>-</b>	<b>11.065</b>	<b>1.340</b>	<b>1.188</b>	<b>0.415</b>	<b>0.415</b>	<b>0.415</b>	<b>0.415</b>	<b>0.415</b>
<b>General Fund Total</b>	<b>182.774</b>	<b>192.781</b>	<b>115.080</b>	<b>53.019</b>	<b>29.601</b>	<b>29.554</b>	<b>29.526</b>	<b>29.498</b>	<b>29.594</b>
<b>Housing Revenue Account</b>									
HRA - Council House Build Programme	0.072	-	-	-	-	-	-	-	-
HRA - Council House Build Programme (Phase 2)	1.614	0.160	-	-	-	-	-	-	-
HRA - Council House Build Programme (Phase 3.1)	12.134	3.060	0.277	-	-	-	-	-	-
HRA - Council House Build Programme (Phase 3.2)	3.664	12.394	2.499	-	-	-	-	-	-
HRA - Council House Build Programme (Phase 3.3)	1.271	2.761	17.858	20.537	20.847	21.472	22.117	22.780	23.464
HRA - Refurbishment of Council Stock	12.822	14.190	14.531	14.947	15.587	16.149	16.819	17.423	18.049
<b>Housing Revenue Account Total</b>	<b>31.577</b>	<b>32.565</b>	<b>35.165</b>	<b>35.484</b>	<b>36.434</b>	<b>37.621</b>	<b>38.936</b>	<b>40.203</b>	<b>41.513</b>
<b>General Fund and Housing Revenue Account Total</b>	<b>214.351</b>	<b>225.346</b>	<b>150.245</b>	<b>88.503</b>	<b>66.035</b>	<b>67.175</b>	<b>68.462</b>	<b>69.701</b>	<b>71.107</b>
<b>Financing</b>									
Grants	57.212	64.869	58.520	25.970	24.920	24.870	24.820	24.770	24.720
Contributions	0.883	-	-	-	-	-	-	-	-
HRA	31.576	32.566	35.165	35.484	36.434	37.621	38.935	40.203	41.512
Capital Receipts	3.277	2.639	-	-	-	-	-	-	-
Borrowing - Funded by Revenue Saving in Service	44.901	70.124	33.478	13.299	0.019	0.119	0.141	0.163	0.309
Borrowing	76.502	55.148	23.082	13.750	4.662	4.565	4.566	4.565	4.566
<b>Total Financing</b>	<b>214.351</b>	<b>225.346</b>	<b>150.245</b>	<b>88.503</b>	<b>66.035</b>	<b>67.175</b>	<b>68.462</b>	<b>69.701</b>	<b>71.107</b>

Wiltshire Council Budget 2021/22 and Medium Term Financial Strategy 2021/22 to 2024/25  
Appendix 10 – Capital Programme Summary of Changes from revised Budget as at Qtr 3 to 2021/22

Scheme Name	Revised 2021/22 Budget Qtr 3 £m	Budget Setting					Revised 2021/22 Budget £m
		Budget Setting New Bids £m	Cabinet Reports £m	Amalgamations £m	Reprofile £m	Removed £m	
<b>Economic Development &amp; Planning</b>							
Boscombe Down	1.191	-	-	-	(1.191)	-	-
Chippenham Station HUB	2.857	-	-	-	-	-	2.857
Other Economic Development Schemes	3.000	-	-	-	-	(3.000)	-
Porton Science Park	6.600	-	-	-	-	-	6.600
Salisbury Future High Streets	1.000	-	-	-	-	-	1.000
Wiltshire Ultrafast Broadband	0.825	-	-	-	-	-	0.825
<b>Economic Development &amp; Planning Total</b>	<b>15.473</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.191)</b>	<b>(3.000)</b>	<b>11.282</b>
<b>Housing &amp; Commercial Development</b>							
Capital Receipt Enhancement	0.150	-	-	-	-	-	0.150
Carbon Reduction	5.200	-	-	(5.200)	-	-	-
Commercial - Commercial Investment	24.852	-	-	-	(16.852)	-	8.000
Stone Circle Housing Company Loan	25.000	-	4.400	-	-	-	29.400
Wiltshire College Loan	2.545	-	-	-	-	-	2.545
Stone Circle Development Company Loan	4.665	-	-	-	(2.783)	-	1.882
Depot & Office Strategy	7.794	-	-	-	(3.000)	-	4.794
Disabled Facilities Grants	6.475	-	-	-	(3.000)	-	3.475
Facilities Management Works	2.285	0.855	-	-	-	-	3.140
Gypsies and Travellers Projects	1.300	-	-	-	-	-	1.300
Housing Infrastructure Fund (HIF)	5.780	-	-	-	-	-	5.780
North Wiltshire Schools PFI Playing Fields	0.300	-	-	-	-	-	0.300
Operational Property Energy Efficiency and Generation	2.200	-	-	5.200	(5.200)	-	2.200
Park & Ride Solar Panel Canopies	2.200	-	-	-	-	-	2.200
Salisbury Central Car Park & Maltings	33.100	-	-	-	(33.100)	-	-
Social Care Infrastructure & Strategy	0.634	-	-	-	-	-	0.634
<b>Housing &amp; Commercial Development Total</b>	<b>124.480</b>	<b>0.855</b>	<b>4.400</b>	<b>-</b>	<b>(63.935)</b>	<b>-</b>	<b>65.800</b>
<b>Highways &amp; Environment</b>							
Fleet Vehicles	1.059	-	-	-	-	-	1.059
Integrated Transport	2.181	-	-	-	-	-	2.181
LED Street Lighting	3.074	-	-	-	-	-	3.074
Major Road Network (MRN)	4.130	-	-	-	-	-	4.130
Structural Maintenance & Bridges	16.139	-	-	-	-	-	16.139
Waste Services	0.500	-	-	-	-	-	0.500
Churchfields Depot Drainage and Traffic Management	-	0.205	-	-	-	-	0.205
<b>Highways &amp; Environment Total</b>	<b>27.083</b>	<b>0.205</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27.288</b>
<b>Digital &amp; Information</b>							
ICT Applications	13.265	-	-	-	(5.000)	-	8.265
ICT Business as Usual	1.938	-	-	-	-	-	1.938
ICT Other Infrastructure	1.396	-	-	-	-	-	1.396
ICT Get Well	7.522	-	-	-	(3.000)	-	4.522
Wiltshire Online	2.067	-	-	-	-	-	2.067
<b>Digital &amp; Information Total</b>	<b>26.188</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8.000)</b>	<b>-</b>	<b>18.188</b>
<b>Communities &amp; Neighbourhood</b>							
Area Boards and LPSA PRG Reward Grants	0.800	-	-	-	-	-	0.800
Community Projects	0.400	-	-	-	-	-	0.400
Fitness Equipment for Leisure Centres	0.550	-	-	-	-	-	0.550
Health and Wellbeing Centres - Live Schemes	22.369	-	-	-	-	-	22.369
Libraries - Self Service	0.500	-	-	-	-	-	0.500
Leisure Requirements	-	2.000	-	-	-	-	2.000
<b>Communities &amp; Neighbourhood Total</b>	<b>24.619</b>	<b>2.000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26.619</b>
<b>Education &amp; Skills</b>							
Access and Inclusion	0.120	-	-	-	-	-	0.120
Basic Need	14.516	-	-	-	-	-	14.516
Devolved Formula Capital	0.550	-	-	-	-	-	0.550
Schools Capital Maintenance	1.000	-	-	-	-	-	1.000
Schools Maintenance & Modernisation	7.033	-	-	-	-	-	7.033
Stonehenge School Replacement of Lower Block	-	0.400	-	-	-	-	0.400
<b>Education &amp; Skills Total</b>	<b>23.219</b>	<b>0.400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23.619</b>
<b>Joint Commissioning</b>							
Early Years & Childcare	0.333	-	-	-	-	-	0.333
Special Schools	7.984	-	-	-	-	-	7.984
Abnormal Costs in Development of SEND Free School	-	0.350	-	-	-	-	0.350
SEND Special School Capacity & Alternative Provision	-	1.311	-	-	-	-	1.311
<b>Joint Commissioning Total</b>	<b>8.317</b>	<b>1.661</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.978</b>
<b>Resources</b>							
Other Capital Schemes to be confirmed	17.024	(5.121)	-	-	(11.903)	-	-
<b>Resources Total</b>	<b>17.024</b>	<b>(5.121)</b>	<b>-</b>	<b>-</b>	<b>(11.903)</b>	<b>-</b>	<b>-</b>
<b>General Fund Total</b>	<b>266.403</b>	<b>(0.000)</b>	<b>4.400</b>	<b>-</b>	<b>(85.029)</b>	<b>(3.000)</b>	<b>182.774</b>
<b>Housing Revenue Account</b>							
HRA - Council House Build Programme	0.072	-	-	-	-	-	0.072
HRA - Council House Build Programme (Phase 2)	1.614	-	-	-	-	-	1.614
HRA - Council House Build Programme (Phase 3.1)	12.134	-	-	-	-	-	12.134
HRA - Council House Build Programme (Phase 3.2)	3.664	-	-	-	-	-	3.664
HRA - Council House Build Programme (Phase 3.3)	-	-	1.271	-	-	-	1.271
HRA - Refurbishment of Council Stock	11.494	-	1.328	-	-	-	12.822
<b>Housing Revenue Account Total</b>	<b>28.978</b>	<b>-</b>	<b>2.599</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31.577</b>
<b>General Fund and Housing Revenue Account Total</b>	<b>295.381</b>	<b>(0.000)</b>	<b>6.999</b>	<b>-</b>	<b>(85.029)</b>	<b>(3.000)</b>	<b>214.351</b>

Wiltshire Council Budget 2021/22 and Medium Term Financial Strategy 2021/22 to 2024/25  
Appendix 11 – Housing Revenue Account 2021/22

2019/20 Actual Outturn £m	Service	2020/21 Budget £m	2021/22 Budget £m
	<b>HRA Expenditure</b>		
0.526	Provision for Bad Debt	0.370	0.370
3.587	HRA Interest	3.799	3.799
12.232	HRA Depreciation	10.162	10.162
4.257	HRA Revenue Contribution to Capital	6.327	-
4.951	Repairs and Maintenance	5.618	5.830
(0.027)	Supervision & Management Special	0.156	0.157
3.192	Supervision & Management General	3.294	3.308
28.718		29.726	23.626
	<b>Housing Income</b>		
(0.152)	Interest	(0.140)	(0.140)
(25.143)	Rents	(25.274)	(25.686)
(3.423)	Contribution from (-)/ to + Reserves	(4.312)	2.200
(28.718)		(29.726)	(23.626)
-	Total Housing Revenue Account	-	-

1st Draft 18/11/21