

Title of report: Addition of Capital Budget to provide an Acquisition Fund for Housing Provision

Meeting: Cabinet

Meeting date: Thursday 18 July 2024

Cabinet Member: Peter Stoddart, Finance and Corporate Services

Report by: Head of Strategic Finance

Report Author: Strategic Capital Finance Manager

Classification

Open

Decision type

Budget and policy framework

Notice has been served in accordance with Part 3, Section 10 (General Exception) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

Wards affected

(All Wards);

Purpose

To recommend to Council for approval the addition of a £5m capital budget to enable delivery of housing provision.

Recommendation(s)

That: the following be recommended to Council

- a) **To approve the addition of £5m to the capital programme for housing provision.**

Alternative options

1. It is open to Cabinet to recommend alternative capital investment options to Council. As an amendment to proposals put forward by Cabinet, any amendment would either require the consent of the Leader of the Council or further consideration by Cabinet, before a decision could be taken in accordance with budget and policy framework rules.

Key considerations

2. The capital programme reflects capital investment generating benefit to the county for a period in excess of one year.
3. The programme was approved by Council in February 2024 having followed budget and policy framework rules; this report now proposes in year changes to the approved programme.
4. The addition of the £5m budget is to enable the cabinet to take decisions when properties or land become available and not miss out on opportunities to deliver suitable housing. The £5m is being added on the basis that any rental income will cover the running costs and provide a surplus to repay the cost of borrowing over the useful life of the asset. Homes England grants will be applied for where possible to reduce the overall borrowing costs and be added to the capital programme by the S151 delegated powers.
5. Inclusion in the capital programme is not approval to proceed. Each project will be subject to its own governance, a full business case will be presented for approval where required and compliance with the council's contract procedure rules as applicable.

Community impact

6. In accordance with the adopted code of corporate governance, Herefordshire Council achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions.
7. The capital programme support the overall delivery plan and service delivery strategies in place. The overall aim of capital expenditure is to benefit the community through improved facilities and by promoting economic growth. A stated objective within the Delivery Plan 2024 to 2025 is to secure accommodation for vulnerable people at risk of homelessness

Environmental Impact

8. A specific environmental impact assessment for the service specific budget proposals will be considered as appropriate to seek to minimise any adverse environmental impact and actively seek opportunities to improve and enhance environmental performance. An initial environmental assessment will be developed and scoped for each project when they seek approval to spend and a separate governance decision.

Equality duty

9. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
10. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. An equality impact assessment (EIA) will be carried out prior to any new scheme commencing and will form part of the approval process, required ahead of incurring capital spend.

Resource implications

11. The proposed addition of £5m is added on the basis that any borrowing requirement will be funded from surplus income, therefore there are no financial implications for the revenue budget by making this addition to the capital programme.

No	Scheme	Capital Grant funding £000	Redirected funding £000	Capital receipt funding £000	Funded by ROI £000	Corporate Funded PB £000	Total Request £000
Community:- Build communities to ensure everyone lives well and safely together							
1	Temporary Accommodation	0.0	0.0	0.0	5,000.0	0.0	5,000.0
	Total	0.0	0.0	0.0	5,000.0	0.0	5,000.0

12. Individual capital scheme resourcing implications will be detailed in the approval to precede decision. Appendix A contains the outline strategic business cases for the new project.

Legal implications

13. In year changes to the capital programme must be approved by Council unless certain circumstances in the constitution apply, which do not apply in these cases.
14. The Local Government Act 2003 allows the council to borrow for any purpose relevant to its functions under any enactment and for the purposes of the prudent management of its financial affairs.

Risk management

15. The proposed addition has been reviewed in relation to risks, both in deliverability, costs, impact and associated scheme interdependencies. The individual scheme detail of the risks will be provided as individual schemes progress to approval to deliver.

Consultees

16. Political Group consultation is not required for budget and policy framework but they can make recommendations on the proposals being recommended to council, to cabinet during the meeting for them to consider.

Appendices

Appendix A - Outline Strategic Business cases for capital investment proposal.

Background papers

None

Glossary of Terms

Funded by Return on Investment – this is where there is a return on investment to repay the borrowing costs, such as increased income or savings on the current budget by reducing on going costs

Report Reviewers Used for appraising this report:

Governance	John Coleman	Date 09/07/2024
Finance	Judith Tranmer	Date 10/07/2024
Legal	Claire Porter	Date 09/07/2024
Communications	Click or tap here to enter text.	Date Click or tap to enter a date.
Equality Duty	Click or tap here to enter text.	Date Click or tap to enter a date.
Procurement	Click or tap here to enter text.	Date Click or tap to enter a date.
Risk	Click or tap here to enter text.	Date Click or tap to enter a date.
Approved by	Ross Cook and Hilary Hall	Date 10/07/2024