

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

Meeting: Council

Meeting date: Friday 26 July 2024

Report by: Cabinet Member Finance and Corporate Services

Classification

Open

Decision type

Budget and policy framework

Wards affected

(All Wards);

Purpose

To approve the addition of a £5 million capital budget to enable delivery of housing provision.

Recommendation(s)

That Council:

- a) **Approve the addition of £5 million to the capital programme for housing provision.**

Alternative options

1. It is open to Council to refuse or recommend alternative capital investment options to Cabinet. If Cabinet recommendation is not accepted, the item will be adjourned and Cabinet will be able to respond to the Council's proposed amendment. At the next adjourned meeting, Council will reconsider the recommendation of Cabinet again and whether such should be approved as recommended or as amended.

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 £5 million 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 £5 million 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 to Cabinet 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 supports 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.
15. Each project will be subject to its own governance, a full business case will be presented for Cabinet approval where required and will be undertaken in compliance with the council's contract procedure rules as applicable.
16. Section 106 of the Local Government Finance Act 1992 precludes a councillor from voting on the Council's budget if he or she has an outstanding council tax debt of over two months. If a councillor who is precluded from voting is present at any meeting at which relevant matters are discussed, he or she must disclose that section 106 applies and may not vote. Failure to comply is a criminal offence.
17. Part 4 Section 3 of the Constitution provides the procedure that must be followed by Cabinet and Council for a change to the budget.

Risk management

18. 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

19. 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.
20. Cabinet on 18 July 2024, considered the proposed capital programme and approved this proposal as set out in this report.

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:

Please note this section must be completed before the report can be published		
Governance	John Coleman	Date 17/07/2024
Finance	Judith Tranmer	Date 10/07/2024
Legal	Sean O'Connor	Date 18/07/2024
Communications	Luenne Featherstone	Date 12/07/2024
Equality Duty	Click or tap here to enter text.	Date Click or tap to enter a date.
Procurement	Karilyn Secker	Date 17/07/2024
Risk	Click or tap here to enter text.	Date Click or tap to enter a date.
Approved by	Rachael Sanders	Date 18/07/2024