



WOKINGHAM BOROUGH COUNCIL

A Meeting of the **COUNCIL** will be held at the Civic Offices,
Shute End, Wokingham, RG40 1BN on **THURSDAY 23
FEBRUARY 2017 AT 8.00 PM**

Andy Couldrick
Chief Executive
Published on 15 February 2017

This meeting will be filmed for inclusion on the Council's website.

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WOKINGHAM BOROUGH COUNCIL

Our Vision

A great place to live, an even better place to do business

Our Priorities

Improve educational attainment and focus on every child achieving their potential

Invest in regenerating towns and villages, support social and economic prosperity, whilst encouraging business growth

Ensure strong sustainable communities that are vibrant and supported by well designed development

Tackle traffic congestion in specific areas of the Borough

Improve the customer experience when accessing Council services

The Underpinning Principles

Offer excellent value for your Council Tax

Provide affordable homes

Look after the vulnerable

Improve health, wellbeing and quality of life

Maintain and improve the waste collection, recycling and fuel efficiency

Deliver quality in all that we do

To: The Members of Wokingham Borough Council

ITEM NO.	WARD	SUBJECT	PAGE NO.
69.		APOLOGIES To receive any apologies for absence	
70.		MINUTES OF PREVIOUS MEETING To confirm the Minutes of the Meeting held on 17 November 2016 and the Extraordinary Meeting held on 6 December 2016.	9 - 52
71.		DECLARATIONS OF INTEREST To receive any declarations of interest	
72.		PUBLIC QUESTION TIME To answer any public questions A period of 30 minutes will be allowed for members of the public to ask questions submitted under notice. The Council welcomes questions from members of the public about the work of the Council Subject to meeting certain timescales, questions can relate to general issues concerned with the work of the Council or an item which is on the Agenda for this meeting. For full details of the procedure for submitting questions please contact the Democratic Services Section on the numbers given below or go to www.wokingham.gov.uk/publicquestions	
72.1	None Specific	John Russell has asked the Executive Member for Highways and Transport the following question: Question The Council is currently updating its Transport Plan. What is the 2016-17 budget spend on transport across the borough and how much is being spent on the following elements : (a) Highway maintenance; (b) Traffic management of the existing road network, eg traffic lights, islands and speed controls; (d) Bus services; (e) Community transport and (f) Responsive transport.	
72.2	Bulmershe and Whitegates; Hawkedon; Hillside; Maiden Erlegh	Guy Grandison has asked the Executive Member for Economic Development and Finance the following question:	

Question

Could the Executive Member for Finance tell me what Capital investments the Council will be making in Earley as part of the 2017/18 budget?

73.

PETITIONS

To receive any petitions which Members or members of the public wish to present.

74.

MAYOR'S ANNOUNCEMENTS

To receive any announcements by the Mayor

75.

None Specific

MEDIUM TERM FINANCIAL PLAN ASSOCIATED REPORTS

75.1

None Specific

Housing Revenue Account Budget 2017/20

53 - 66

To consider the recommendations of the Executive in respect of the Housing Revenue Account budget for 2017/20.

RECOMMENDATION: That Council approve the following:

- 1) The Housing Revenue Account budget;
- 2) Council house dwelling rents be reduced by 1% effective from April 2017 in line with the Welfare Reform and Work Bill 2015;
- 3) Garage rents be increased by 1.9% effective from April 2017 in line with council fees and charges;
- 4) Shared Equity Rents will be increased by 2% based on September RPI, effective from April 2017;
- 5) Tenant Service Charges are set in line with estimated costs;
- 6) The Housing Major Repairs (capital) programme for 2017/18 as set out in Appendix C;
- 7) Sheltered room guest charges increase from £8.20 per night to £9.00 effective from April 2017.

75.2

None Specific

Capital Programme and Strategy 2017/20

67 - 84

To consider the recommendation of the Executive in respect of the Capital Programme and Strategy 2017/20.

RECOMMENDATION: That the Council is asked to:

- 1) approve the Capital Programme and Strategy for 2017/20, as set out in Appendix A to the report;
- 2) note the draft vision for capital investment over the next 10 years, as set out in Appendix B to the report; and
- 3) approve the developer contribution S106 and CIL as set out in Appendix C to the report noting that the S106 and CIL values are estimated and approval is sought up to the scheme budget.

75.3 None Specific

Treasury Management Strategy 2017/18

85 - 128

To consider the recommendations of the Executive in respect of the Treasury Management Strategy 2017/18.

RECOMMENDATION: That Council approve the following:

- 1) Capital Prudential indicators, 2017/18;
- 2) Borrowing strategy 2017/18;
- 3) Annual Investment Strategy 2017/18;
- 4) Flexible use of capital receipts strategy;
- 5) Minimum Revenue Provision Policy; and
- 6) Treasury Indicators: limits to borrowing activity 2017/18.

75.4 None Specific

Medium Term Financial Plan (MTFP) 2017/20

129 - 134

To consider the recommendations of the Executive in relation to the Medium Term Financial Plan 2017/20 and Budget submission and Council Tax for 2017/18.

RECOMMENDATION: That Council is recommended to approve:

- 1) the Medium Term Financial Plan for 2017/20 including the revenue budget submission for 2017/18;
- 2) the Statutory Resolution that sets out the 2017/18 council tax levels. (Appendix A);

- 3) that in the event that there are any changes to the provisional precept of the Fire Authority, arising from their precept setting meeting being held on 27 February, the Director of Corporate Services is delegated authority to enact all relevant changes to the MTFP, Statutory Resolution and council tax levels.

76.	None Specific	<p>TREASURY MANAGEMENT MID YEAR REPORT 2016-17 To consider the mid-year Treasury Management report for 2016/17.</p> <p>RECOMMENDATION: That Council be asked to:</p> <ol style="list-style-type: none"> 1) approve the mid-year Treasury Management report for 2016/17; 2) note the actual 2016/17 prudential indicators within the report. 	135 - 160
77.	None Specific	<p>AUDITOR APPOINTMENT 2018/19 To receive a report regarding appointing the Council's auditors.</p> <p>RECOMMENDATION: That Council</p> <ol style="list-style-type: none"> 1) note that this report was presented to the Audit Committee on 5 December 2016; 2) approve Option A, as recommended by the Audit Committee and as set out in the report, i.e. opting into the Public Sector Audit Appointment process. 	161 - 164
78.	Emmbrook; Evendons; Norreys; Wokingham Without	<p>COMMUNITY GOVERNANCE REVIEW To receive a report regarding the results of the Community Governance Review.</p> <p>RECOMMENDATION: That Council agree the following:</p> <ol style="list-style-type: none"> 1) that no changes are implemented following the Community Governance Review (CGR) that was initiated in February 2016; 2) that the matters considered by the review should be reconsidered by a new CGR at a later date. It is recommended that this is after formal planning applications have been submitted for that part of the South 	165 - 168

Wokingham Strategic Development Location (SDL) that is currently within the Wokingham Without Parish.

79.	None Specific	<p>CHANGES TO THE CONSTITUTION</p> <p>To consider proposed changes to the Constitution as put forward by the Constitution Review Working Group.</p> <p>RECOMMENDATION: That Council approves the following amendments to the relevant sections of the Council's Constitution, as put forward by the Constitution Review Working Group:</p> <ol style="list-style-type: none">1) agree the following changes to the Constitution as recommended by the Constitution Review Working Group:<ol style="list-style-type: none">a) that Appendix A – Process for Appointing Independent Remuneration Panel Members be amended as follows: <i>"1. Advert placed on the website etc and in the local newspaper if appropriate."</i>b) that Rule 4.4.3.2d)iii) be amended as follows: <i>"To review, revise as necessary and recommend adoption of the Risk Management Policy and Strategy to Executive when changes occur."</i>c) that Rule 8.2.1 be amended as follows: "8.2.1 Meetings of the Planning Committee" <i>The Planning Committee shall meet as scheduled in the Timetable of Meetings agreed by Council."</i>2) note the Terms of Reference of the Constitution Review Working Group.	169 - 174
80.	None Specific	<p>TIMETABLE OF MEETINGS 2017/18</p> <p>To consider the proposed Timetable of Meetings for the 2017/18 Municipal Year.</p> <p>RECOMMENDATION: That the Timetable of Meetings for the 2017/18 Municipal Year be agreed.</p>	175 - 176

CONTACT OFFICER

Anne Hunter

Tel

Email

Postal Address

Service Manager, Democratic Services

0118 974 6051

anne.hunter@wokingham.gov.uk

Civic Offices, Shute End, Wokingham, RG40 1BN

**MINUTES OF A MEETING OF
THE COUNCIL
HELD ON 17 NOVEMBER 2016 FROM 7.30 PM TO 10.30 PM**

Members Present

Councillors: Bob Pitts (Mayor), Rob Stanton (Deputy Mayor), Mark Ashwell, Alistair Auty, Keith Baker, Laura Blumenthal, Chris Bowring, Prue Bray, David Chopping, UllaKarin Clark, Gary Cowan, Andy Croy, Richard Dolinski, Lindsay Ferris, Michael Firmager, Kate Haines, Mike Haines, Charlotte Haitham Taylor, John Halsall, Pauline Helliard-Symons, Emma Hobbs, Tim Holton, Philip Houldsworth, Dianne King, Clive Jones, Norman Jorgensen, Pauline Jorgensen, John Kaiser, Abdul Loyes, Charles Margetts, Julian McGhee-Sumner, Ken Miall, Philip Mirfin, Stuart Munro, Barrie Patman, Anthony Pollock, Malcolm Richards, Angus Ross, Beth Rowland, Rachelle Shepherd-DuBey, Chris Singleton, David Sleight, Chris Smith, Wayne Smith, Alison Swaddle, Simon Weeks, Oliver Whittle and Shahid Younis

53. APOLOGIES

Apologies for absence were submitted from Councillors Parry Batth, John Jarvis, David Lee, Ian Pittock, Bill Soane and Paul Swaddle.

54. MINUTES OF PREVIOUS MEETING

The Minutes of the meeting of the Council held on 22 September 2016 were confirmed as a correct record and signed by the Chairman.

55. DECLARATIONS OF INTEREST

There were no declarations of interest.

The Deputy Mayor announced that he would Chair the part of the meeting relating to Hare Hatch Sheeplands as the Mayor had been involved in that issue in his role as a ward Member.

56. PUBLIC QUESTION TIME

In accordance with the agreed procedure the Deputy Mayor invited members of the public to submit questions to appropriate Members.

It was moved by the Deputy Mayor and seconded by Councillor Keith Baker that, in accordance with Procedure Rule 4.2.12n), Procedure Rule 4.2.9.1 be suspended to allow Public Question Time to be extended to one hour.

Upon being put to the vote the Motion was declared by the Deputy Mayor to be carried.

The Deputy Mayor informed the meeting that, in order to maximise the number of questions put, any supplementary questions relating to Hare Hatch Sheeplands would receive a written answer within seven working days from the date of the meeting. Any supplementary answers would also be recorded in the Minutes of the meeting.

Prior to the first question being asked a point of order was raised by a member of the public but this was ruled inadmissible as it fell outside of the Council Procedure Rules contained in the Council's Constitution.

56.1 Prem Sharma asked the Executive Member for Environment the following question:

I have had two planning applications to fell a beach tree in my front garden refused by Wokingham Borough Council, despite my willingness to replace the tree in another part of my garden. After the second refusal, my health deteriorated further and I could not appeal due to my health. Before the appeal deadline I asked for an extension of the deadline but I had zero response from Claire Lawrence. As such the appeal deadline passed.

Due to the position of the tree, pigeons and other large birds perching on the tree chronically foul up my drive with their droppings. My wife and I are elderly, in our eighties, and suffer from heart and cancerous diseases and cannot keep up with daily cleansing of the drive as these bird droppings, especially from the pigeons, are a serious danger to our health. I have provided medical reports from medical specialist professionals to the Council to evidence that the pigeon droppings can further deteriorate our health due to our low immunity.

The Council's decision is that the tree is protected and that the health of the tree is more important than my health and my wife's health! This is a bizarre and unjust conclusion on the part of the Council. Would the Executive Member please explain why the health of the tree is more important than the health of two very elderly and sick people? As far as general understanding goes, it is the responsibility of the local and central government to look after the elderly and vulnerable people of society. The environment is very important. When hundreds of trees were felled along the railway line the Council could have stopped it. There should have been one rule for everybody.

Answer

On behalf of the Council, I am sorry that you, Dr Sharma and Mrs Sharma are experiencing health issues.

As we have previously explained, Tree Preservation Orders are regulated by legislation and policies set by Central Government and the main issues that can be taken into account in determining applications for works to protected trees are the amenity value and health of the tree. Unfortunately, Government policy does not enable the health of the applicant to be taken into account to outweigh these issues.

The decision to refuse the application for tree works was made in line with the national policy, on the basis that the tree is considered to be a good specimen of high amenity value, and that the proposed works to the tree would be harmful and lead to its decline. Supporting harmful works on the basis of personal circumstances would set an unacceptable precedent which could lead to a cumulative loss of trees in the Borough. I believe that the Council would have found itself in a very difficult position justifying going against Government guidance.

As you have stated, you have lost your opportunity to appeal against the Council's decision to refuse the previous application for works to the protected tree, as the appeal was not lodged within one month of the decision. Unfortunately the Council has no discretion to extend the appeal deadline which is set by the Planning Inspectorate and contained within the appeal regulations.

If you do wish to pursue this matter, then you can reapply to the Council for permission to carry out the work and if that is refused, you could then exercise your right of appeal. I realise that this would take up more time. However, I would also like to point out that any

appeal inspector would have to apply the Government's policies and guidance in the consideration of this case in the same way as the Council.

I would just add that I do understand your dilemma but that it is not within my power to alter related policies. I can only suggest that some means is found to deter the pigeons from visiting the area of this tree.

Supplementary Question

Thank you for your answer to my specific question. With respect I humbly disagree with your answer because in terms of your planning policy related to trees it is seriously flawed. As the responsible authority Wokingham Borough Council should review its TPO policy to cater for sick and elderly people so that the health of trees does not override the health of sick and elderly owners of the tree, especially if they can provide medical evidence to support their case. Would the Executive Member please give me an assurance that you will instigate an inquiry into my case and initiate a review of your flawed tree policy so that other sick and elderly people like us will not suffer any further? Please also assure me that you will let me know the outcome of your enquiry and subject of your review? It is difficult for anybody to argue that the health of a tree is more important than the health of a human being.

Supplementary Answer

I do have enormous sympathy with the situation you described. I do undertake that we will make representations to central Government as it is not within our powers under local regulations to counter that which is set nationally.

I understand entirely the basis of what you are saying Dr Sharma and I do undertake to do that action but, as everyone knows, to change Government regulations doesn't happen overnight and I do hope that we can work with you to try and find some local solution, as I suggested before, in terms of the birds in the tree rather than the tree itself. And I also take your fundamental point.

56.2 Guy Grandison asked the Executive Member for Children's Services the following question:

Could the Executive Member tell me what the Council is doing to ensure that schools in Earley can keep pace with the growing population at both primary and secondary levels?

Answer

The Council has recognised Earley as an area where additional primary school capacity is required. In response we agreed to expand Loddon Primary School by 220 places and are developing a proposal to expand Aldrynton Primary School by a further 105 places.

We will continue to keep a close eye on the balance between need and available places. Need is driven by the number of births to residents, the balance of families leaving and arriving and families living elsewhere who prefer Earley schools. We know the number of births has been stable, but falls significantly in the age groups that will be admitted to school in 2018- 2019. This will at least partly offset the increase due to families moving into the area. There are no major residential schemes planned in the area so residential growth will not play any significant part in future needs. Our view is that growth is driven by the changeover of housing from older households to younger families and this will be the subject of continuing scrutiny. If applicant numbers drop next spring then we will need to review our expansion plans (above the places being created at Loddon Primary School) to

ensure that we are only providing capacity we need.

On the question of secondary school places, we do not see evidence of any immediate need to create capacity. Families in the Earley area have a number of secondary schools within walking distance of their homes. Maiden Erlegh School of course serves Earley residents and continues to be oversubscribed locally. Families also have at least one other school, Oakbank and also other schools, e.g. Forest, Bulmershe and Waingels schools within walking distance and all of these schools have some surplus capacity.

We will however continue to watch the number of available places closely so if new capacity is required it can be planned and done in a timely manner.

Supplementary Question

Thank you for that answer. Having recently become a father to a little girl it is important to have adequate school places in Earley. However it is also important to ensure that a level playing field is given to Wokingham schools as Wokingham schools get less money per pupils than other local authorities. What additional action is the Council taking to level this playing field?

Supplementary Answer

Thank you Guy for raising this important issue which has been a hot topic this week, especially in the media.

We do not feel that we have a level playing field here in terms of funding and unfortunately the fairer funding formula has been pushed back another year. We continue to be the lowest funded authority per pupil. Wokingham Borough children only get £4,166 per pupil. In the City of London they get over double that and across the border in Reading pupils get over £306 more per pupil. We will lobby the Secretary of State to continue our appeal for fairer funding and I would ask members of the public to continue to battle for more money for Wokingham schools and also our Members to join me in the fight for fairer funding for our children in Wokingham.

56.3 Frank Moore asked the Executive Member for Planning and Regeneration the following question:

In April 2008 at a planning appeal for Sheeplands farm shop and coffee shop, a government appointed planning inspector stated that if he upheld the appeal, which he did, it would mark the transition of Hare Hatch Nursery from a nursery to a garden centre. He also stated that it would have severe consequences for the business if it was not allowed to compete with its neighbours. To what extent has Wokingham Borough Council taken the planning inspector's comments into consideration in subsequent discussions with Sheeplands?

Answer

In order to become exempt from enforcement action, the unauthorised use of the greenbelt land must have been uninterrupted for 10 years or more. As the first enforcement notice was served in 2012, for the greenbelt site not to be immune from enforcement action it must have been used as a garden centre since 2002.

The Planning Inspector acknowledged that at the time of the appeal in 2008 that the greenbelt site was a nursery not a garden centre. This has provided evidence that the garden centre business has not operated from the greenbelt site since 2002 and is, therefore, unlawful. This has been given considerable weight in justifying the enforcement

action against the unauthorised uses of this greenbelt site.

The Inspector's comments in respect of the viability of the business have been given consideration but have not outweighed the harm resulting from the extent of the unauthorised development at the greenbelt site. If the Council placed greater weight on the viability argument, harmful and unacceptable development could occur all over our Borough. The Council has sought to work with the owner to try and find a mutually acceptable and viable solution, but the owner has been unwilling to compromise his position and has continued to expand the unauthorised activity at the greenbelt site.

Supplementary Question

I note that one of the priorities of Wokingham Borough Council is to ensure strong, sustainable communities that are viable and supported by well designed development. This being the case and in the light of the comments made by the Government Inspector, Mr Ritchie, in 2008, irrespective of the comments you have just made, he stated and acknowledged that, despite being in the green belt, the area, and he meant Hare Hatch, was full of other businesses and the inability to compete equally would have consequences for the future of the business. These comments are very specific and clear to me and many other members of the public. As such would it not make sense for Wokingham Borough Council to lift their enforcement notice and let an independent planning inspector make a judgement on the legality of this well designed development which is enjoyed by many rather than pursuing it through the courts which could cost the Council and Council Taxpayers a great deal of money?

Supplementary Answer

Well-designed development is that planned through the local plan process that meets the policies set out in government guidance and the Council's local plan. Hare Hatch Sheeplands is an unauthorised and inappropriate development in the greenbelt that is contrary to these policies and does not constitute well-designed development as a result.

As explained in the answer to the original question, an independent inspector can only assess the lawfulness of the retail uses at the greenbelt site. This is only whether it can be demonstrated that the retail activity has existed in its current form and extent since 2002. This is because the appeal was against a Certificate of Lawful Development application which is not a planning application. The planning merits of the case and the points made about well-designed development and the development surrounding the site cannot be taken into account as a result.

If the enforcement notice is withdrawn, the Council has no mechanism to take action against the unlawful development. This would result in the Council being less able to challenge this development and other unauthorised development in the Borough.

56.4 Mark A'Bear asked the Executive Member for Planning and Regeneration the following question:

By lifting the enforcement notice on Hare Hatch Sheeplands, a full planning inquiry could proceed and determine an outcome for Wokingham Borough Council and Hare Hatch Sheeplands. Please can Wokingham Borough Council explain why it will not lift the notice so that the evidence can be heard and a speedy resolution reached?

Answer

The recent planning inquiry was in respect of a Certificate of Lawfulness. The planning merits of the case could not have been heard or considered at this inquiry by the planning

inspector as the only issue that could be addressed was whether the garden centre use of this greenbelt site could have been lawful by reason of existing since 2002. To establish this, the owner of the greenbelt site had submitted evidence to the Council.

Having reviewed the information submitted this appeared contradictory and undermined his arguments about the time that the garden centre has been at this greenbelt site, thus reinforcing the Council's view that the retail uses had not existed since 2002.

The Council is confident that the evidence referred to in the question does not support the arguments. Allowing this evidence to be heard would have resulted in significant exposure to the landowner and to the Council, but it would not have provided a resolution to allow the owner to continue the garden centre business. Further and more significantly, if the Council had withdrawn the enforcement notice to allow this evidence to be heard, it would have had no means by which to seek removal of the harmful breaches and that the site had been further expanded into the greenbelt since the enforcement notice was served.

Supplementary Question

Thank you for your answer however I noted on the Wokingham website that an underpinning principle of the Council is to offer excellent value for Council Tax money. Bearing in mind that this dispute has been running for many, many years and is now destined for the Supreme Court where the waiting list is between 3-5 years in what way does the current and future cost of this dispute represent value for our Council Tax money?

Supplementary Answer

The Council would not have had to spend any money on this case if Mr Scott had not illegally undertaken the development at Hare Hatch Sheeplands. The Council will seek to recover its costs in any action taken against the unlawful development at this greenbelt site. The owner has already been ordered to pay Council's costs in respect of the appeal against the certificate of lawfulness application appeal and the Council will apply for similar costs associated with any future action. The Council can also apply for profits to be confiscated under the Proceeds of Crime Act and part of this can be awarded to the Council to reimburse it for any costs already incurred.

If Mr Scott complied with the enforcement notice and removed the illegal development, there would be a limit to the cost to the Council Tax payer.

56.5 Paul Westacott asked the Executive Member for Planning and Regeneration the following question:

It is my understanding that in April 2014 Mr Scott reached agreement with Councillors regarding the future of Hare Hatch Sheeplands, and withdrew his appeal against the enforcement notice on the basis of this agreement. Why did Wokingham Borough Council renege on this agreement?

Answer

The Council did not reach agreement with Mr Scott regarding the future of the greenbelt site in April 2014.

A meeting took place with Council Members and Officers and, at this time, Mr Scott reported that he could not afford to pursue his appeal against the enforcement notice. It was agreed that while the Council wished to reach a negotiated solution with the business owner, this was on the basis that he did not breach local and national greenbelt policy. As

such, a baseline for a negotiated scheme was set as the use and activities on the greenbelt site in 2002. There was no common agreement about this as Mr Scott argued that the extent of the retail garden centre activity that existed at this time was greater than the Council thought. As a result, the Council provided him with the opportunity to submit evidence to support his argument.

The evidence submitted by Mr Scott did not support his assertions and demonstrated that the uses of the greenbelt site are unlawful. Since this time, he has remained unwilling to meet the Council's requirement to remove the unauthorised retail activities at the greenbelt site and has in fact expanded these.

Supplementary Question

On that basis can you confirm, or not, that emails regarding some form of agreement were exchanged between Mr Scott and Councillor Kaiser, and explain, if that was the case, why Mr Scott was misled in that way?

Supplementary Answer

There has been no agreement between Councillor Kaiser and Mr Scott about the ability for the illegal activity to remain at the greenbelt site. The Council has sought to negotiate with Mr Scott in order to try and find a mutually acceptable solution in line with its own policy contained in the Local Planning Enforcement Plan and to reflect the views of Mr Scott's supporters, to try and allow the business to continue while complying with planning rules and policy.

Meetings between Councillor Kaiser, Officers and the owners of the business took place but no assurance was given to Mr Scott. Further, as part of the legal action taking place, written email correspondence has been disclosed by both parties and this shows that there is no evidence of any assurance been given. The Council is confident that Mr Scott has at no time been misled by Councillors.

56.6 Andy Sherwood had asked the Executive Member for Planning and Regeneration the following question but as he was unable to attend the meeting his question was asked by Mark A'Bear:

The Chief Executive of Wokingham Borough Council, in a letter to the current Prime Minister dated 15th March 2016 stated that Wokingham Borough Council would consider any sensible proposal put forward by Hare Hatch Sheeplands and suggested that they entered into pre-application discussions with Wokingham Borough Council. In response Hare Hatch Sheeplands withdrew their request for a judicial review of Wokingham Borough Council's decision to not consider their previous applications for their play area and Pet Supplies concession. Then in August 2016 Wokingham Borough Council refused to enter into pre-application discussions with them. In the light of this please could Wokingham Borough Council provide examples of what these 'sensible' proposals might include?

Answer

In his letter to Theresa May, the Council's Chief Executive advised that if Mr Scott wished to reach a negotiated solution to agree a scheme that would be acceptable to the Council, there is a pre-application procedure available to him. For clarity, the reason why the judicial review did not proceed following this meeting was in fact because the court had refused the application to pursue this on the basis that it was misconceived and had no prospect of success.

A pre-application submission was received by the Council but this proposed to retain many of the unauthorised uses and activities that were subject of the enforcement notice. The Council has already made it clear to the owner of the business that these were not acceptable in line with local and national policy. The pre-application submission made no attempt to compromise or reduce the unauthorised uses.

The Council could have dealt with the pre-application submission but the fee for this was considerable given the scale of the proposal, and the Council would have only reiterated the advice already provided. The Council therefore felt it was only reasonable to inform the owner of this and it was suggested that in order to make the pre-application process meaningful, an amended scheme could be submitted for consideration. Alternatively, the Council offered the opportunity for the owner to withdraw the pre-application submission if he was unwilling to submit an amended proposal. Mr Scott chose not to amend the scheme, withdrew the pre application submission and the full fee was refunded.

56.7 David Piper asked the Executive Member for Planning and Regeneration the following question:

A letter from planning agents Gregory Grey, working on behalf of Sheeplands' competitor Wyevale, and dated April 27th 2011, threatened legal consequences if Wokingham Borough Council continued with Hare Hatch Sheeplands' planning application. To what extent did this influence Wokingham Borough Council's decision to refuse the Sheeplands planning application in December 2011, especially after working with Hare Hatch Sheeplands for 18 months?

Answer

Where there is a breach of planning control it is the Council's normal practice to try and resolve the matter without resulting to formal enforcement action. There is no planning permission for a garden centre and in line with normal policy set out in the Local Planning Enforcement Plan, the Council sought to achieve a negotiated solution for Hare Hatch Sheeplands. This is the reason why the Council sought to establish the uses of the greenbelt site that would have been lawful in 2012 before the enforcement notice was served. If it had been established that the garden centre was in existence at this time, the Council could have been justified agreeing to a planning application for a garden centre use at the greenbelt site. Unfortunately, when the evidence submitted was considered together with the Council's own evidence, it could not establish this and therefore, the Council came to the conclusion that the retail garden centre activities are not lawful.

While it became evident that the garden centre use was unlawful, Mr Scott would not compromise or remove retail activities. As a result, the Council concluded that a negotiated solution that could be granted planning permission could not be granted. The letter from the agent for Wyevale Garden Centre had absolutely no influence over this position. It took 18 months to determine the planning application because the Council was trying to persuade Mr Scott to reduce the amount of retail floor space proposed.

Supplementary Question

In this letter Gregory Grey, on behalf of Wyevale, demanded that Council took enforcement action against certain activities at Sheeplands. What evidence does the Council have that this did not influence its decision to take enforcement action in October 2012?

Supplementary Answer

All Council decisions are made in an open and transparent way. Information setting out the

reasons why all planning and enforcement decisions are taken is available for viewing by the public. The development is unlawful and is inappropriate development in the greenbelt. This is the reason for the planning refusals and enforcement action in respect of the illegal development.

56.8 Maria Lee asked the Leader of the Council the following question:

Why is Wokingham Borough Council refusing to acknowledge the democratic will of thousands of its residents that have signed petitions and sent hundreds of letters or e-mails of support clearly demonstrating that they wish to see Hare Hatch Sheeplands continue in its current form as the local community garden centre?

Answer

The principle of making decisions on the basis of petitions, or e-mails, or press campaigns is not one that this Council, or any other Council, adhere to and it would be totally inappropriate for any Council to actually make decisions on that behalf.

What all Councils have to do is make decisions on the basis of current law, be it health and safety, be it income tax law, etc and that is what has happened here.

Supplementary Question

According to the Freedom of Information request, only three complaints were acknowledged by Wokingham compared to thousands in support. If this level of public support is insufficient to influence Wokingham Borough Council, what levels of public support would be required for Wokingham Borough Council to consider alternative courses of action; and what might these courses of action be?

Supplementary Answer

I refer back to what I said before. We have to enforce the law and therefore it doesn't matter how many petitions, for or against, or comments, for or against. At the end of the day this Council has to operate in accordance with local government regulations, etc, i.e. the legal framework.

56.9 Shirley Sherwood asked the Executive Member for Planning and Regeneration the following question:

Can you confirm that all members of the council are fully aware of the detailed planning history of Hare Hatch Sheeplands since 1992?

Answer

The planning and enforcement history of the site is detailed in public documents available to all Members of the Council and on the Council's web site. There has also been considerable publicity regarding this greenbelt site and I and the Leader of the Council have issued a number of statements. We have also clearly set out the Council's position to many of our colleagues. The lawful planning use of this greenbelt site is a plant nursery and there is planning permission for a farm shop and a café. There is no planning permission for a garden centre.

Supplementary Question

Please can you tell me how many and the names of the Councillors who have visited the site and seen the community facilities offered by Sheeplands so that the supporters can understand which of their Councillors have taken the time and trouble to visit and appreciate the amenities valued by their constituents?

Supplementary Answer

The Council is aware that the two ward Members, Councillor Bob Pitts and Councillor John Halsall attended the site together with Councillor Kaiser and Officers. No further details about any other Member visits are held.

56.10 Gordon Parry asked the Executive Member for Planning and Regeneration the following question:

As early as May 2008, Wokingham Borough Council planning department, stated that it would have to be demonstrated in some detail that normal garden centre activity was essential for the financial viability of the site. When a detailed financial viability report was provided, and independently reviewed and supported by Wokingham Borough Council's own consultants, at great expense, what conclusions were drawn from this report by Wokingham Borough Council's planning department?

Answer

The Council has never stated that it must be demonstrated that normal garden centre activity is essential for the financial viability of the site because the garden centre does not have planning permission. Any viability assessment would not outweigh the planning harm to the greenbelt that results from unlawful development.

An application and assessment was submitted to the Council to try and demonstrate that the additional activity was needed at the greenbelt site to allow it to be a viable garden centre. However, this was not highly relevant as the garden centre use itself was unlawful as the site only has planning permission for a plant nursery with a cafe and a farm shop. In any event, the financial viability of the business cannot outweigh the harm to the greenbelt as a result of inappropriate and unauthorised development. If the Council adopted this approach, any developer could argue that they should be allowed to develop in inappropriate locations all over our Borough because it is only viable to do so.

Supplementary Question

To what extent do Councillors use their own judgement on planning issues? At what point does the public interest override Council policy?

Supplementary Answer

Members of the Planning Committee must make planning decisions with an open mind based on the planning merits of a proposal. All other members of the Council can come to their own views about the acceptability of a planning issue and can support or oppose development. Their views can be on planning or other grounds.

The planning system works in the public interest and it cannot take private interest into account. Although Mr Scott has generated a great deal of support from his customers of the illegal garden centre, the Council is of the opinion that the majority of the public it serves want people in the Borough to comply with the law and for action to be taken against those who do not.

56.11 Gill Saxon asked the Executive Member for Economic Development and Finance the following question:

If Wokingham Borough Council's actions result in Hare Hatch Sheeplands closing down, what assistance will the Council provide for redundant employees, especially the over 50's and the disabled, in finding new jobs?

Answer

Wokingham Borough Council runs Elevate Wokingham, an employment and skills hub at Wokingham Library where people of all ages are supported to find suitable work and training. We are equally able to carry out targeted outreach work. Support may involve providing advice and guidance sessions to help people decide what jobs they can do, as well as workshops to improve CV writing and interview skills. We have good links with local colleges and can help people find a course if they need to do more studying before starting a new job. We have developed good relationships with local employers, particularly those in construction and retail, and are able to help people find vacancies for jobs and apprenticeships that will suit them.

Whilst Elevate Wokingham primarily supports young people aged 16 to 24 years, partners such as the National Careers Service and the adult learning team, who work with adults of all ages, operate out of the hub. Many of those we support are aged over 50 years. We recently supported a successful 50 plus recruitment fair in Green Park and hope to run similar events in the future. Elevate also works in partnership with the Optalis Supported Employment Service, who help adults with disabilities find suitable employment.

The Council also funds Wokingham Job Support Centre, who provide support through a team of volunteers and are based at the Cornerstone Centre in Wokingham.

Supplementary Question

Thank you for your reply and I do understand of course, as with most Councils, that they do provide help and assistance to people. However I am asking specifically, what you are doing about the 100 or so people, who will be made redundant and I myself, when this first kicked off, tried to find another job and found it very, very difficult and I have some qualifications so I think we need specific support and that is what I am asking for and what you would be able to do?

Supplementary Answer

A number of specific examples of employment initiatives were provided in the response to the original question. Anyone wishing to discuss their personal circumstances and options open to them should contact Elevate Wokingham or Wokingham Job Support Centre to arrange an appointment.

56.12 Nigel Timms asked the Executive Member for Economic Development and Finance the following question:

What will Wokingham Borough Council do to help the several small family businesses find alternative and affordable premises in the local area?

Answer:

The Council's Economic Development Officer will be happy to meet with any businesses impacted by the possible closure of Hare Hatch Sheeplands and explore viable options. This would include making use of existing links with local agents and appropriate parties who could assist with any relocation.

Supplementary Question

I have been based in Twyford for over 34 years and in my opinion there are not suitable affordable premises readily available. Is the Member for Economic Development therefore resigned to accept that Twyford is about to face its biggest employment and business catastrophe in nearly 90 years?

Supplementary Answer

The Council is keen to support businesses in finding affordable and lawful premises. The Council owns and manages three employment sites - a site at Hogwood Lane, Finchampstead (provides small and medium-sized factory units), Grovelands Avenue, Winnersh (offers small light industrial units) and small office/high tech units at Station Road, Twyford. The Council offers short-term leases of usually two-three years on easy-in/easy-out terms. The units are suitable for start-up and developing businesses. Priority is given to local people. In addition, the Council is exploring the feasibility of establishing an incubator hub for start-up businesses.

The Council is very happy to assist affected workers and businesses where it can, but this situation has been brought about by Mr Scott repeatedly ignoring the planning system.

56.13 Paul Wheston asked the Executive Member for Planning and Regeneration the following question:

Please can the Council provide evidence that it has been completely consistent in its application of green belt policy and that Sheeplands has been treated equitably compared to other local garden centres such as Ladds, Wyevale and Countrywide?

Answer

The evidence in respect of the Council's approach to dealing with planning proposals in the greenbelt is contained in significant planning history that is available on the Council's website and available for all to view.

The Council has consistently applied national and local greenbelt policy to proposals in the Borough's greenbelt. The local garden centres referred to in the question are historic and this garden centre/retail activity is exempt from enforcement action by reason of passage of time in accordance with the legislation. More recently, the Council has refused planning applications for development proposals to expand activities at these very sites. A number of these refused applications have also been dismissed at appeal.

Hare Hatch Sheeplands does not have planning permission for a garden centre as the unauthorised uses have not existed at the site for a sufficient period of time to enable them to be exempt from enforcement action. Planning permission is required for the unauthorised activities and as such, the Council must apply national and local greenbelt policy.

Supplementary Question

How will the Council provide evidence of consistency so that the public can be assured that there isn't one rule for one business and one rule for another?

Supplementary Answer

All Council decisions are made in an open and transparent way. As stated in the answer to the original question, the evidence setting out the reasons for all planning and enforcement decisions is available to view and is available on the Council's Website.

56.14 Harry Indge asked the Executive Member for Planning and Regeneration the following question:

How much has WBC spent on both internal and external legal advice, representation and employee salaries in respect of its planning dispute with Hare Hatch Sheeplands?

Answer

The Council's costs in respect of the action that has been undertaken against the unlawful development at this greenbelt site would not have been incurred if the owner had not flagrantly disregarded and breached the planning regulations.

The Council does not have a total figure for its internal staffing costs associated with Hare Hatch Sheeplands but £45,860 has been spent on external legal advice and representation to date. Some of this amount will be reimbursed through the recently dismissed appeal when Mr Scott was ordered by the court to pay the Council's costs. In the future the Council will continue to seek that any further costs incurred are also reimbursed by the owner.

The owner of the greenbelt site is committing a criminal offence by not complying with the enforcement notice and if he is prosecuted for this offence, the Council can then submit a claim under the Proceeds of Crime Act where profits resulting from criminal activities at the greenbelt site can be confiscated and the Council would be eligible to retain some of these proceeds and this would offset the cost of taking the action.

Supplementary Question

With the Council having stated that £19m in budget cuts needs to be found, how can the cost of this dispute be reconciled against the need to save money?

Supplementary Answer

The Council would not have had to spend any money on this case if Mr Scott had not illegally undertaken the development at Hare Hatch Sheeplands. As stated in the answer to the original question, the Council will seek to recover the costs of action from Mr Scott and has already been awarded its costs in respect of the recent appeal. The Council would also be eligible to retain some of the profits from the business collected under the Proceeds of Crime Act and this would offset the cost of taking the action.

If the Council dropped the enforcement action against the unlawful development, this would encourage other people and businesses across the Borough to undertake development without gaining the proper permissions. This would result in even greater cost to the Council in taking enforcement action against further breaches and its position would be weakened by not pursuing the Hare Hatch Sheeplands case.

56.15 Rob Davies asked the Executive Member for Planning and Regeneration the following question:

If Sheeplands is forced to close, what plans does the Council have for the Sheeplands site, especially when one possibility is that it will become derelict and a local eyesore?

Answer

The enforcement notice relating to the unauthorised development and activities at the greenbelt site requires the unauthorised use of the land to cease and materials, goods, equipment, plant and other items in association with the unauthorised uses to be removed. It also requires that hard surfaced areas are removed and grassed over. A number of buildings and activities at the site are lawful and can remain and Mr Scott could also propose alternative uses and activities at the site as long as they are compatible with a greenbelt location.

Supplementary Question

Would it not be far more constructive to secure the Sheeplands site within the green belt

rather than take the risk of closure and in the longer term a change of use such as retail or housing development?

Supplementary Answer

There are a number of uses at Hare Hatch Sheeplands greenbelt site that are authorised which include the plant nursery, a café and a farm shop. There are also a number of other uses that could be acceptable in a greenbelt location that would allow Mr Scott to continue to operate a business from the site.

If the site is abandoned, the Council would seek to resist ad-hoc proposals for the development that are not compatible with its greenbelt location and with the local plan policy at the time. If the Council did not take action against the unlawful garden centre, it would become established by default. As a result, the Council would find it very difficult to resist proposals for the site to be redeveloped for retail or housing purposes. Given the enforcement action being undertaken, the Council is in a much stronger position to resist these redevelopment proposals.

56.16 George Parker asked the Executive Member for Economic Development and Finance the following question:

HHS provides part-time employment for a significant number of students, providing them with valuable work experience. What will the Council do to provide alternative work experience opportunities in the local area, for these young people?

Answer

Wokingham Borough Council runs Elevate Wokingham, an employment and skills hub at Wokingham Library. The hub can support young people aged 16-24 with developing an effective CV and with interview preparation. There is also a drop-in Job Shop where students could drop in on a Tuesday between 12-4pm and then gain support whilst searching for work. This would include a bespoke job search. An individual can sign up to Elevate and our volunteers can look, on their behalf, for suitable vacancies. There is a dedicated section on the Elevate Me website on finding work experience opportunities.

As a local employer, the Council itself provides work experience placements for local students.

Supplementary Question

Why isn't the Council encouraging and supporting Hare Hatch Sheeplands in employing local people and providing valuable experience for young people just down the road?

Supplementary Answer

Most, if not all, businesses in the Borough play a key role in providing local employment. However, there are rules and legislation that need to be complied with.

56.17 Jade Armstrong asked the Executive Member for Resident Services the following question:

Can the Council explain the process and procedures associated with letters of complaint versus letters of support, and whether any weighting is applied? For example, in the case of HHS, there were three complaints according to the FOI request, compared to 206 letters or emails in support of the business.

Answer

The Council has received a large number of letters from supporters of the unlawful

development as Mr Scott has actively encouraged his customers to sign the petition and write to the Council. The Council places great emphasis on the views of its customers. However, while the Council has received far fewer letters of complaint, objective surveys through social media sites have indicated that public opinion is much more balanced as approximately half of the respondents through a survey on the “Get Reading” social media site supported the Council’s enforcement action.

There is a balance to be struck by the Council between supporting the views of the supporters of Hare Hatch Sheeplands and the need to protect the environment and take action against those who disregard planning regulations. Legislation sets out that those planning decisions must be made in accordance with planning policy. Government guidance is clear in that the number of supporters is not a material matter of planning consideration. The policies to protect the greenbelt have to take precedence over the number of letters supporting an unlawful business. The Council is of the view that the majority of residents want everyone to comply with planning regulations.

Supplementary Question

Despite a request for additional information, the Freedom of Information response stated that the complaints could not be categorised by month and year and yet the response clearly stated that they had been received via email. Why couldn’t the Council provide the month and year that these emails were received? Does a failure to provide basic information such as this contravene the Freedom of Information Act?

Supplementary Answer

Under the Freedom of Information Act the Council is required to provide information it holds, it is not required to create the information in order to respond to a request. Any decisions on contraventions of the Freedom of Information Act are a matter for the Information Commissioner’s Office (ICO) and not the Council. In order to provide this information we have researched the submissions and the three complaints received were dated 9th July 2015, 30th May 2015 and 23rd April 2013.

56.18 Mark Wilson asked the Executive Member for Economic Development and Finance the following question:

HHS supports and purchases many goods from local traders and if they are forced to close down many will lose a great deal of business. This in turn will have a negative impact on the local economy. If HHS has to close what will WBC do to support these companies?

Answer

As per my answer to Mr Timms’ earlier question, the Council’s Economic Development Officer will be happy to meet with any businesses impacted by the possible closure of Hare Hatch Sheeplands to see if there is anything the Council can do to assist.

Supplementary Question

Many Hare Hatch Sheeplands suppliers are here tonight. What can the Council say to these small businesses to reassure them that they are valued by the Council and that there are measures in place to secure the prosperity of the local economy?

Supplementary Answer

As per my response to another question (56.26) the Council adopted its new Economic Development Strategy in July 2016 with a priority being to “facilitate business growth through business support and inward investment”. As an example, the Council supports small businesses and local firms through its procurement processes where possible. The

Council does value the contribution made by small businesses to the local economy, but our responsibilities and duties are far wider and include protecting the countryside.

56.19 Margaret Moore asked the Leader of the Council the following question:

Why has the Council chosen to limit the Hare Hatch Sheeplands debate to a normal Council meeting rather than engage in a full and open debate such as the meeting held at St Crispin's School?

Answer

I do not accept that tonight's debate will not result in a full and open debate. In both the St Crispin's meeting and tonight's meeting the rules of debate are exactly the same. That includes a 30-minute time limit. My understanding is that all Councillors wishing to speak will have the opportunity to do so within the constraints of that 30-minute limit.

The St Crispin's meeting was a single item meeting where the Council, acting as the developer, held a public meeting around the development of Elms Field. I believe we have all experienced such meetings from developers throughout the Borough as they attempt to explain their development.

[Following an interjection by Councillor Bray it was confirmed that the meeting at St Crispin's was actually an Extraordinary Council meeting and not a developer meeting.]

So the Council Meeting tonight is very different with normal business being transacted. That involves other people than Councillors and therefore when considering the venue this has to be taken into consideration. On balance it was considered not to be appropriate to move the meeting elsewhere.

However, we do recognise the high level of interest in the debate which is why, for the very, very first time, live streaming of the whole debate will be undertaken. This allows individuals who wish to follow the proceedings to do so in the comfort of their own homes. Those who do not have the technology can still turn up in person but obviously they will be constrained to the available space as any venue will have.

Supplementary Question

As this debate has been triggered by people living mainly in the northern parishes was Shute End chosen as the venue to deliberately limit the numbers attending as it is certainly not a convenient place for many supporters?

Supplementary Answer

Very simply, no.

56.20 Janet Grace asked the Executive Member for Economic Development and Finance the following question:

HHS provides substantial support to local charities, gardening clubs and many other community groups. Why is the Council not taking into account the community facilities provided by Sheeplands, especially as they are entirely consistent with green belt activities?

Answer

Some of the uses at the site are authorised such as the growing of plants, the farm shop and the café. It is the unauthorised retail activities at the site that are not acceptable in the

greenbelt and these are the uses to which the enforcement notice relates.

If Mr Scott removed the retail activities, he could consider a number of uses at the greenbelt site that could be acceptable and that would not compromise planning policy. This could allow the business to continue and allow it to continue to support local charities. Unfortunately, Mr Scott has been unwilling to adopt this approach.

Supplementary Question

Has the Council considered the wider impact on community groups and charities associated with a closure of Sheeplands? Are you interested and do you care about it?

Supplementary Answer

We are working with a number of charities and community groups in the Twyford area, none of whom have raised this as an issue. Whilst we are keen to support these groups, we would always advise and support groups to operate within established legal frameworks.

56.21 June Roach asked the Executive Member for Planning and Regeneration the following question:

Since the Sheeplands dispute seems destined for the Supreme Court which currently has a 3 – 5 year waiting list. How much has WBC included in its budget over the next five years for internal and external legal advice, representation and employee salaries in respect of its planning dispute with Hare Hatch Sheeplands?

Answer

I answered a fair amount of this in Harry's answer so I won't repeat that.

The Council's costs in respect of the action that has been taken against the unlawful development at this greenbelt site would not have been incurred if the owner had not flagrantly disregarded and breached the planning regulations.

The Council has recently sought an injunction to secure compliance with the enforcement notice through the High Court and also, it is also seeking to prosecute the owner and occupants of the greenbelt site for undertaking unauthorised activities. There are no current proposals at the moment for further legal action.

At the recently dismissed appeal, Mr Scott was ordered by the court to reimburse the Council for its costs and in the future the Council will continue to seek that any further costs incurred in taking legal action to secure compliance with the enforcement notice are also paid by the owner of this business.

Supplementary Question

Can the Council confirm that they agree with the estimate of a 3 to 5 year waiting list for Supreme Court cases and what are the implications, from a Council perspective, of this delay?

Supplementary Answer

The case is not before the Supreme Court at the moment; so we cannot comment on how long it would currently take for Supreme Court matters. The Council has submitted an injunction application to be heard in the High Court in early 2017 to require Mr Scott to comply with the enforcement notice. Any further legal action following this hearing will be dependent on the outcome and the actions of Mr Scott.

56.22 Gordon Storey asked the Executive Member for Planning and Regeneration the following question:

WBC have received a petition showing extensive support for HHS to continue trading in its present format. Why are WBC not prepared to take note of this support, temporally lift their Enforcement Notice and allow the Government Planning Inspectorate to review their case?

Answer

The recent planning inquiry was in respect of a Certificate of Lawfulness. The planning merits of the case could not have been heard or considered at this inquiry by the planning inspector as the only issue that could be addressed was whether the garden centre use of the greenbelt site could have been lawful by reason of existing since 2002. To establish this, the owner of the greenbelt site had submitted evidence to the Council.

Having reviewed the information submitted by Mr Scott, this appeared contradictory and undermined his arguments about the time that the garden centre has been at the Greenbelt site, thus reinforcing the Council's view that the retail uses had not existed since 2002.

The Council is confident that the evidence referred to in the question does not support Mr Scott's arguments. Allowing this evidence to be heard would have resulted in significant expense to the landowner and the Council, but it would not have provided a resolution to allow the owner to continue the garden centre business. Further and more significantly, if the Council had withdrawn the enforcement notice to allow this evidence to be heard, it would have no means by which to seek removal of the harmful breaches at the greenbelt site that remain and have expanded further in the greenbelt since the enforcement notice was served.

56.23 Kath Dicks had asked the Leader of the Council the following question and due to her absence at the meeting the following written response was provided:

A petition has been handed into WBC indicating the feelings of local people. This shows that the overwhelming majority of locals want HHS to be allowed to continue trading in its current format. When controversial development was previously being considered in Wokingham, a meeting was held allowing the public to ask many questions. Why is the Council making it so difficult for their views to be expressed?

Answer

This is very much a carbon copy of the question at 56.19 from Margaret Moore so I refer Mrs Dicks to that answer.

However, there appears to be a misunderstanding here. You talk about the difficulty in views being expressed which implies that attendees can participate in the proceedings. Unfortunately, our Constitution is quite explicit on this and restricts participation in the petition to Councillors only.

I think the feelings about this commercial company are well documented, well publicised and well known and have been fed into the current court actions in one form or another. So I do not agree that there has been any difficulties in residents expressing their views.

56.24 Maria Witowska had asked the Executive Member for Planning and Regeneration the following question but due to her absence at the meeting the following written response was provided:

HHS, in line with other very local garden centre operations (e.g. Wyevale and Ladds) is situated in the Ruscombe green belt area. Why is WBC persecuting, at great expense, HHS when the other operations run without any problems or interference?

Answer

The evidence in respect of the Council's approach to dealing with planning proposals in the greenbelt is contained in significant planning history that is available on the Council's website and available for all to view.

The Council has consistently applied national and local greenbelt policy to proposals in the Borough's greenbelt. The local garden centres referred to in the question are historic and this garden centre/retail activity is exempt from enforcement action by reason of passage of time in accordance with the legislation. More recently, the Council has refused planning application for development proposals to expand activities at these sites. A number of these refused applications have also been dismissed at appeal.

Hare Hatch Sheeplands does not have planning permission for a garden centre as the unauthorised uses have not existed at the site for a sufficient period of time to enable them to be exempt from enforcement action. Planning permission is required for the unauthorised activities and as such, the Council must apply national and local greenbelt policy to these.

56.25 Magda Witowska asked the Executive Member for Planning and Regeneration the following question:

Why is WBC ignoring the wishes of thousands of its local residents who have made it quite clear that they reject the Green Belt argument in favour of Hare Hatch Sheeplands remaining open?

Answer

There is no planning permission for a garden centre. Mr Scott has actively encouraged his customers and supporters to sign the petition and write to the Council. While the Council is fully aware of the support for the business from these people, more objective surveys through social media sites have indicated that public opinion is much more balanced.

The Council has to weigh up the planning harm as a result of unlawful development especially where this occurs in the greenbelt. There has been a complete disregard of the planning regulations and not enforcing this would set a very dangerous precedent resulting in the Council being less able to resist other more unpopular harmful development in the Borough. Also, the greenbelt site has been promoted for development through the Local Plan Review 'Call for Sites' exercise. While it has not been indicated what type of development is being promoted, if the owner has intentions to develop the greenbelt site for an alternative uses, the Council would find it very difficult to resist any planning application for this if it did not take enforcement action against the unlawful development.

Planning decisions must be made in accordance with planning policy. Government guidance is clear that the number of supporters is not a material planning consideration. The Council is of the view that the majority of residents want everyone to comply with planning regulations.

EXTENSION OF PUBLIC QUESTION TIME

It was moved by Councillor Lindsay Ferris and seconded by Councillor Prue Bray that in accordance with Procedure Rule 4.2.12n), Procedure Rule 4.2.9.1 be suspended to allow Public Question Time to be extended by a further 30 minutes.

Upon being put to the vote the Motion was declared by the Deputy Mayor to be lost.

Consequently, due to time constraints, the remaining Public Questions received written answers in line with Rule 4.2.9.9.

56.26 Alison Rutter had asked the Executive Member for Economic Development and Finance the following question:

What is the council's policy for supporting local businesses and a strong local economy as Hare Hatch Sheeplands is a significant contributor to both employment and local economy and yet the Council seems determined to put them out of business?

Answer

The Council adopted its new Economic Development Strategy in July 2016. In terms of business support, we work with the Thames Valley Growth Hub, which offers businesses information and advice on growth. The Hub is also able to provide information on the Funding Escalator, which provides repayable loans to businesses. Other Council projects include investigating a potential incubator hub in the Borough to facilitate and nurture business start-ups and our successful Strive programme, which supports people to set up their own enterprise.

56.27 Paul Heaps had asked the Executive Member for Planning and Regeneration the following question:

Why is WBC seemingly willing to risk council taxpayers money on pursuing Hare Hatch Sheeplands to the Supreme Court in the knowledge that the council may lose the case and be forced to pay costs?

Answer

The Council is confident that legally, it will not lose this case through the court system and the owner of the site who is committing a criminal offence would be liable to pay the Council's costs.

Please also see the answers to the questions at 56.14 and 56.21.

56.28 Gus Villaca had asked the Executive Member for Economic Development and Finance the following question:

If the Council wins its case against Sheeplands and the business is forced to close down, what will be the benefit of this to the council and the local community?

Answer

The garden centre use of the greenbelt site does not have planning permission. While the customers of the site support the continued activities, if the Council does not take enforcement action, it would find it very difficult to enforce against other inappropriate and unlawful development in the greenbelt and Borough more widely. Further, if the owner proposes an alternative development at the greenbelt site, this would also be difficult to resist and this is unlikely to be as popular as the current unauthorised garden centre.

While the Council recognises that the people who support the unlawful uses wish to see the activities retained, this would carry significant risk. Also, the Council is of the view that most of its residents wish to see the law upheld and that where this is ignored and exploited, that enforcement action is taken. The benefit of taking this action allows the Council to continue to take a robust approach to enforcement to protect its local residents and the local environment.

56.29 Dee Upward had asked the Executive Member for Children's Services the following question:

Hare Hatch Sheeplands provides many opportunities for families with young children to take advantage of learning and fun experiences. What arrangements is WBC making to replace those facilities – heavily used during school holidays – for the families who will be affected if Sheeplands is closed?

Answer

The Council provides a wide range of learning, development and leisure opportunities and activities for children and young people in Wokingham. These are based on an assessment of the Borough's requirements and are often targeted to families based on need. Here is a sample of the opportunities we offer for children and young people to stay safe, keep healthy, enjoy and achieve as well as make a positive contribution to our communities:

- We fund a range of voluntary sector organisations to provide support and activities for children and families. Some of these are a universal offer for any child and some more specific for families in need or children with disabilities.
- Within our community development programme we have both Wardens and Community Development workers who work closely with our communities to provide activities within their local area.
- Our Community Wardens provide a range of engagement opportunities for young people including the junior warden programme, day trips in holiday time, mentoring, contribution to multi-activity camps including team building games plus art/craft.
- The Community Development Officers provide activities such as weekly kids clubs and holiday activities in specific localities in the Borough linked to community flats and community centres.
- Our Countryside team provide activities at Dinton Pastures at weekends and in holiday time.
- Through our sport and leisure offer we provide a full leisure centre programme, including facilities and more formal organised sessions in the Borough and 'Active Kids' holiday clubs for 5 to 12 year olds.
- Locally to Hare Hatch we have a Children's Centre provision for 0-5 year olds in Twyford including many activities term time and in holidays including Saturday clubs.
- There are a range of clubs we support across the borough including the 'Rock Project' which is a music club for 7-18 year olds. The local Youth Club offers evening activities include basketball, cooking, arts and crafts and organises trips off site to include orienteering. There is also a range of other activities which includes a football club for boys and girls.

Within the Borough there are many providers offering sports, recreation, hobbies and clubs that are privately run but which we promote to children and families through our networks. As WBC does not provide or commission services on the site in question there are no plans to replace services provided by this private business.

56.30 David Miller had asked the Executive Member for Planning and Regeneration the following question:

As the Council seems willing to build 15,000 new homes on land at Grazeley why is it not willing to allow one garden centre to operate at Hare Hatch?

Answer

The Council supports a plan-led approach to development which is subject to local consultation and an examination by a Local Plan Inspector. This approach allows the Council to resist unacceptable development in inappropriate locations and to protect areas in the future. The greenbelt is an area that has been identified through the Local Plan for protection and if the Council did not take action against unlawful development, it would find it difficult to protect areas not allocated for development in the future.

56.31 Roland Hazell had asked the Executive Member for Environment the following question:

It is a matter of record that Twyford village centre is suffering from toxic air. Will WBC therefore provide Hare Hatch Sheeplands with the planning consent it needs to remain open thus encouraging shoppers to go there instead of crowding into the village centre?

Answer

The main cause of air pollution is from use of the private car. The location of Hare Hatch Sheeplands is out of settlement and most customers travel to the site by private motor vehicle. Sites within these locations encourage more vehicle trips and make it harder for the Council to tackle issues associated with air pollution.

56.32 Tracy Knaggs had asked the Executive Member for Economic Development and Finance the following question:

As Twyford cannot expand any more, is it not an asset to have a retail outlet a short distance from the village centre offering choice?

Answer

It is important that Twyford Town Centre retains its vitality and viability and the Council supports retail uses in town centre locations. Out of centre retail activities such as Hare Hatch Sheeplands threaten the viability of town centres. Further, if the unlawful retail uses of the greenbelt site are not enforced against, the Council would find it extremely difficult to resist other retail proposals in out of settlement locations and this would lead to further harm to the town centre and could lead to its decline.

56.33 David Hare had asked the Executive Member for Economic Development and Finance the following question:

Why is the Council not supporting local and enterprising business people who provide facilities for the community including employment, economic prosperity, work experience for young people and significant support for local charities and community groups?

Answer

As outlined in my previous answers, the Council supports local business people in a number of ways. One example is our successful Strive programme, which supports people to set up their own business. The six-week programme of interactive workshops gives entrepreneurs support and guidance on a range of aspects important for starting a business; from researching the market and business planning, to marketing and managing risk. The programme is in its third year and wedding planning, natural therapy, jewellery

and teaching music were just some of the business ideas among the 17 entrepreneurs who graduated from this year's Strive course. An early business lesson is that there are legislative requirements and regulations to be followed.

56.34 Mike Shattock had asked the Executive Member for Planning and Regeneration the following question:

In the light of the fact that the Inspector at the Public Enquiry in 2008 indicated that in his judgement this marked HHS's transition from a "Nursery" to a "Garden Centre" why does WBC ignore that fact and persistently refer to it as a "Nursery" with all the restrictions that places upon it?

Answer

See the answer to the question at 56.3.

56.35 Margaret A'Bear had asked the Executive Member for Planning and Regeneration the following question:

If WBC force HHS to close down what are the implications for the site from a Council perspective?

Answer

The evidence in respect of the Council's approach to dealing with planning proposals in the greenbelt is contained in significant planning history that is available on the Council's website and available for all to view.

The Council has consistently applied national and local greenbelt policy to proposals in the Borough's greenbelt. The local garden centres referred to in the question are historic and these garden centre/retail activity is exempt from enforcement action by reason of passage of time in accordance with the legislation. More recently, the Council has refused planning application for development proposals to expand activities at these sites. A number of these refused applications have also been dismissed at appeal.

Hare Hatch Sheeplands does not have planning permission for a garden centre as the unauthorised uses have not existed at the site for a sufficient period of time to enable them to be exempt from enforcement action. Planning permission is required for the unauthorised activities and as such, the Council must apply national and local greenbelt policy to these.

56.36 Tom Bushill had asked the Executive Member for Economic Development and Finance the following question:

Question

HS supports many charities, raising thousands of pounds on an annual basis, and should they be forced to close, a loss of revenue to these charities would be the result. Is this what WBC really wants?

Answer

The Council recognises that the business provides facilities for and support to the local community. However, this needs to be weighed against the harm being caused to the greenbelt from the unlawful development. The Council must be able to protect the Borough from further flagrant breaches of planning control.

There is a balance to be struck and the Council has sought to find a negotiated solution to allow the business to continue but Mr Scott has refused to compromise. It is only when he

continued non-compliance with the Councils' requirements and added further breaches at the greenbelt site that the Council pursued enforcement action.

There are a number of uses and activities at the greenbelt site that are lawful and Mr Scott could consider an alternative business model that would not compromise planning policy and would allow the business to continue. Mr Scott has continually resisted this approach.

56.37 Peter Must had asked the Chairman of the Planning Committee the following question:

With regard to Agenda item 59, which proposes that the right to speak at a Planning Committee Meeting be restricted to a resident of the ward affected, or a spokesperson asked to speak on behalf of such a resident, may I ask that this proposal be either withdrawn as being undemocratic and without any explanation or amended so that a civic society such as the Wokingham Society (which exists to seek protection of local heritage and to promote sympathetic development) can be represented by its Chairman rather than having to speak through a resident or with the express permission of a resident?

Answer

Thank you for your question. The purpose of the amendment is to ensure that, in the limited time available at Planning Committee, residents directly affected by a planning application are given priority to speak but I would stress that, where a civic society like yours, is directly affected by an application you will retain the right to speak.

I am satisfied that there are also sufficient alternatives in place, for example, through a resident or parish/town council speaking on your society's behalf or with a resident's permission for you to speak, in order to ensure that a civic society such as yours is able to inform the Committee of its views.

57. PETITIONS

No petitions were presented.

58. PETITION DEBATE

The Deputy Mayor announced that, in line with Procedural Rule 3.5.4.2, a petition containing more than 1,500 signatures had been received (on 7 October 2016) in relation to the Hare Hatch Sheeplands Nursery. Under the Constitution this had triggered a debate at the Council meeting.

Patrick Heather, the petition organiser, presented the petition the wording of which was:

"We request, in the strongest possible terms, that Wokingham Borough Council does everything it can to ensure that Hare Hatch Sheeplands continues to operate as a financially viable enterprise. This will allow it to remain a highly valued community based asset used by so many different sections of the local population. We urge the Council to acknowledge that, as well as the elderly, infirm and young, many social groups and organisations value it as a home for their activities. Schools and charities benefit from its support and local suppliers and companies benefit from its existence. We ask the Council to ensure this valuable asset remains in business and that the benefits it brings are not lost to us forever".

Patrick Heather addressed the meeting and set out the background to the petition. He stated that the current petition and an earlier petition demonstrated the support Hare Hatch Sheeplands had built in the local community as well as the wider community who travel to

shop in Twyford. The current petition contained 4,825 signatures with 2,611 of the petitioners living, working or studying in the Borough.

Mr Heather gave details of the support provided by Hare Hatch Sheeplands to the local community, local charities and the Twyford Business Forum. The business supported local suppliers and provided employment opportunities for local residents. He felt that the dispute between the business and the Council had gone on too long and was likely to end up in the Supreme Court. He suggested that, in order to resolve the dispute, the Council should lift the enforcement notice which would allow a resolution via an independent planning inquiry.

Members highlighted the Council's support and encouragement for local businesses across the Borough and recognised the importance of Hare Hatch Sheeplands to the local community. However, they also reiterated the Council's position that all businesses in the Borough must comply with legal requirements in areas such as environmental health, trading standards, health and safety and planning. The Council's role was to enforce the relevant legal requirements fairly and equitably to ensure that no one business was given preferential treatment. Failure to enforce the relevant planning legislation would set a dangerous precedent and encourage others to attempt to break the rules.

Following the debate the Deputy Mayor invited Motions as to how the Council wished to respond to the petition.

The following Motion was proposed by John Halsall and seconded by Mark Ashwell.

"We request, in the strongest possible terms, of the management that they do everything they can to ensure that Hare Hatch Sheeplands operates as a financially viable enterprise lawfully while complying with greenbelt planning policies set out in government guidance and the Council's local plan. The management of Hare Hatch Sheeplands asserts that it is a highly valued community based asset used by so many different sections of the local population, a valued home for the activities of the elderly, infirm, young, many social groups and organisations, support to schools and charities, and of value to local suppliers and companies. However, it is essential that this valuable asset remains in business by operating within the law and that by doing so, that the benefits it brings are not lost without compromising the greenbelt position".

59. ADJOURNMENT OF THE MEETING

At this point, 9.20pm, the meeting adjourned for a short period to consider the tabled Motion.

60. RECOMMENCEMENT OF THE MEETING AND CONTINUATION OF PETITION DEBATE

At 9.30pm the meeting recommenced and the petition debate continued.

Upon being put to the vote, the Motion was declared by the Deputy Mayor to be carried.

RESOLVED: That we request, in the strongest possible terms, of the management that they do everything they can to ensure that Hare Hatch Sheeplands operates as a financially viable enterprise lawfully while complying with greenbelt planning policies set out in government guidance and the Council's local plan. The management of Hare Hatch Sheeplands asserts that it is a highly valued community based asset used by so many different sections of the local population, a valued home for the activities of the elderly,

infirm, young, many social groups and organisations, support to schools and charities, and of value to local suppliers and companies. However, it is essential that this valuable asset remains in business by operating within the law and that by doing so, that the benefits it brings are not lost without compromising the greenbelt position”.

61. MAYOR'S ANNOUNCEMENTS

At this point in the meeting the Mayor joined the meeting and took over as Chairman.

The Mayor referred to the printed list of Mayoral engagements and highlighted the successful Voluntary Sector reception held in Twyford on 16 November 2016. He thanked Officers who helped to arrange and support the event.

62. REPORT OF THE INDEPENDENT REMUNERATION PANEL ON MEMBERS' ALLOWANCES LEVELS

The Council received and considered a report from the Independent Remuneration Panel, as set out on Agenda pages 35 to 42, following their annual review of the Members' Allowances Scheme.

David Jones, Chairman of the Independent Remuneration Panel, addressed the meeting. He paid tribute to his colleagues on the Panel: Nicky Measures, Malcolm Saffin, Barry Cochrane and Brian Shearing. He also thanked Democratic Services Officers for the guidance and administrative support that they had provided to the Panel.

In presenting the report, David Jones highlighted the following points:

- The Panel had met four times, had reviewed extensive information supplied to it and met a number of Councillors including the Leader of the Council and the Liberal Democrat Group Leader;
- The Panel were recommending that the time contributed component of the Basic Allowance be increased by 1% to reflect increases in Officer pay. This would increase the total Basic Allowance to £7,618;
- That in future any changes to the time contributed element of the Basic Allowance should mirror any increases in Officer pay;
- A number of Members had made representations about the cost of car parking following the introduction of evening car park charges. However, the Panel concluded that car parking fees were covered by the out of pocket expenses element of the Basic Allowance;
- The Panel received representations about Special Responsibility Allowances (SRAs) and acknowledged that some roles may have changed. However, it concluded that there should not be any increase in the level of Special Responsibility Allowances this year, but would welcome the submission of further evidence to support a change during its review in 2017;
- The Panel revisited the issue of the number of SRAs payable to Members. At present the Council's Constitution stated that Executive Members were only entitled to receive one SRA whilst non-Executive Members could receive more than one. The Panel had reviewed benchmarking data from South East Employers and decided to recommend that the Council move to a system of one SRA or Non-Executive Director payment for both Executive and non-Executive Members from 2017 onwards. This would bring the Council into line with similar local authorities;
- A number of Members had raised concerns about transparency surrounding payments to Non-Executive Directors and payments to Members from other organisations. The

Panel welcomed the Council's decision to publish all relevant information on its website.

- The level of Travel and Subsistence Allowance was not raised as a significant issue;
- The Panel recommended that there be no changes to the existing arrangements for Childcare and Dependent's Carers' Allowance and that it continue to be linked to the National Minimum Wage/Living Wage;
- The Panel reiterated its earlier view that expenses and allowances were rights which Members were entitled to without fear or prejudice.

Keith Baker thanked the Independent Remuneration Panel for their efforts and their report to Council. He recognised the current anomaly relating to Special Responsibility Allowances and the advice from the Panel. He also noted the position in other Berkshire authorities where Executive Member allowances were significantly higher than similar allowances at the Council. On balance, therefore, he felt that the anomaly should be resolved by allowing all Members of the Council to be entitled to receive more than one Special Responsibility Allowance.

Other Members felt that the Independent Remuneration Panel's advice should be followed in relation to Special Responsibility Allowances. They felt that Members should be seen to set an example of restraint at a time when the Council and local residents were facing a difficult financial climate.

It was moved by Keith Baker and seconded by Julian McGhee-Sumner that the Independent Remuneration Panel's Recommendations, set out on Page 41 of the Agenda, be amended as follows.

"That Council agree:

- 1) to accept the Independent Remuneration Panel's Recommendations (1), (2), (4), (5) and (6) as set out in their report;
- 2) that Recommendation (3) not be adopted;
- 3) to an additional Recommendation as follows:

"All Members to be entitled to receive more than one Special Responsibility Allowance".

Prior to a vote being held, six Members, in accordance with Rule of Procedure 4.2.15.15, requested that a recorded vote be taken on the proposed amendment. The voting was as follows:

For	Against	Abstained
Mark Ashwell	Prue Bray	Alistair Auty
Keith Baker	Gary Cowan	Chris Bowring
Laura Blumenthal	Andy Croy	David Chopping
Richard Dolinski	Lindsay Ferris	UllaKarin Clark
Michael Firmager	Kate Haines	Charlotte Haitham Taylor
Pauline Helliard-Symons	Mike Haines	John Kaiser
Tim Holton	Emma Hobbs	Stuart Munro
Philip Houldsworth	Clive Jones	Barrie Patman

Norman Jorgensen	Beth Rowland	Bob Pitts
Pauline Jorgensen	Rachelle Shepherd-DuBey	Anthony Pollock
Dianne King	Wayne Smith	Malcolm Richards
Abdul Loyes	Oliver Whittle	Rob Stanton
Charles Margetts		Simon Weeks
Julian McGhee-Sumner		
Ken Miall		
Philip Mirfin		
Angus Ross		
Chris Singleton		
David Sleight		
Chris Smith		
Alison Swaddle		
Shahid Younis		

Following debate, upon being put to the vote, the amendment was declared by the Mayor to be carried.

Note

A number of Members abstained from voting on the amendment on the grounds that they believed that they may derive some future financial benefit from the proposed change to the Members' Allowances Scheme.

RESOLVED That:

- 1) the time contributed component of the Basic Allowance be increased by 1% to reflect the increase in Officer pay, backdated to 1 April 2016;
- 2) there be no change made to the multiples of the Special Responsibility Allowances paid to those roles as set out in the current Members' Allowances Scheme;
- 3) all Members to be entitled to receive more than one Special Responsibility Allowance;
- 4) there be no change in the rate payable for the Childcare and Dependent's Carers' Allowance as set out in the current Members Allowances Scheme in that it be set at the National Minimum/Living Wage, whatever that may be in the future;
- 5) the £500 component of the Basic Allowance for the provision of IT should continue to be claimed only by those Members who provide facilities which allow constituents and Officers to communicate with them by e-mail and the self-certification process be continued;
- 6) the £500 component of the Basic Allowance for out of pocket expenses should continue.

63. RE-APPOINTMENT OF MEMBERS TO THE INDEPENDENT REMUNERATION PANEL

The Council considered a report, set out on Agenda pages 43 to 45, which gave details of the composition of the Independent Remuneration Panel and recommended the re-appointment of two current Members.

The report stated that the Panel gave advice on the operation of the Council's Members' Allowances Scheme and submitted an annual report to the Council (Minute No 62 refers). The Panel was made up of five members with three members appointed for three years and two members appointed for four years. The three year term of Brian Shearing and Nikki Measures would finish on 22 November 2016 and it was recommended that they be re-appointed for a further three years.

It was proposed by Keith Baker and seconded by Julian McGhee-Sumner that the recommendation in the report be agreed.

RESOLVED: That Brian Shearing and Nikki Measures be re-appointed to the Independent Remuneration Panel for a further period of three years, commencing on 22 November 2016.

64. APPOINTMENT OF STATUTORY OFFICER - DIRECTOR OF ADULT SOCIAL SERVICES

Councillor Julian McGhee-Sumner informed the meeting that Stuart Rowbotham, the current statutory Director of Adult Social Services would be leaving the Council in January 2017 to take up a new role. As part of the 21st Century Council senior management restructure the Personnel Board, at its meeting on 12 October 2016, had appointed Judith Ramsden to the role of Director of People Services, with effect from 1 November 2016. This role covered both children's and adults' social care. Judith Ramsden was currently the statutory Director of Children's Services and required Council approval for her appointment to the statutory post of Director of Adult Social Services.

Members thanked Stuart Rowbotham for his service to the Council and the residents of the Borough and wished him well in his new role. They also welcomed Judith Ramsden into her new role.

It was proposed by Julian McGhee-Sumner and seconded by Charlotte Haitham Taylor that Judith Ramsden be appointed as Director of Adult Social Services with effect from 1 January 2017.

RESOLVED: That Judith Ramsden be appointed as Director of Adult Social Services with effect from 1 January 2017.

65. CHANGES TO THE CONSTITUTION

The Council considered proposed changes to the Constitution as set out on Agenda pages 47 to 48, relating to revisions to the Planning Committee and Commons Registration Committee Procedure Rules and the Scheme of Delegation to Officers.

Pauline Jorgensen introduced the report and stated that the proposed change to Planning Committee Procedure Rules had resulted from a complaint from a resident that speaking time had been taken up by speakers who were not directly affected by a planning application. In response to Member concerns, she explained that the proposal would not prevent bodies such as the Wokingham Society from speaking on planning applications.

It was proposed by Pauline Jorgensen and seconded by Pauline Helliard-Symons that the recommendations in the report be approved.

A separate vote was taken on Recommendation 1.

RESOLVED That:

- 1) revisions to the Planning Committee Procedure Rules as set out in paragraph 1 of the report, be agreed;
- 2) revisions to the Commons Registration Committee Procedure Rules as set out in paragraph 2 of the report, be agreed;
- 3) the Borough Solicitor be appointed as the Commons Registration Officer and the subsequent amendment of the Officer Scheme of Delegation, as set out in paragraph 3 of the report, be agreed.

**66. STATEMENTS BY THE LEADER OF THE COUNCIL, EXECUTIVE MEMBERS
AND DEPUTY EXECUTIVE MEMBERS**
Councillor Keith Baker, Leader of the Council

The meeting tonight has been one of the busiest we have had for a very long time so I will be brief.

As you all know there has been a serious breach of the Constitution through the deliberate leaking of a confidential document by the Opposition. The two Liberal Democrat Councillors involved, including the Leader of the Opposition, do not dispute that it was they who passed the confidential documents to the press. That is well documented in social media. This is the subject of a Code of Conduct investigation on the two individuals.

I would like to say a few words about the principle around confidential documents.

The Constitution is clear in stating in 9.2.8.5 "Councillors must not disclose information which is confidential or where disclosure is prohibited by law, unless he or she has the consent of the person authorised to give it ..."

This is very clear and concise with no room for misinterpretation. If a Councillor has in their possession a Council document which is clearly marked confidential then they must respect 9.2.8.5. How they receive it is immaterial. The confidential marking on Council documents is used sparingly. There are many reasons why this marking is placed on the document – it could be of a commercial nature where the breach could put the Council in a difficult negotiation position and cost the Council unnecessary costs. It could mean that the document contains information of a personal nature and would cause unnecessary embarrassment to them. These are just two examples and there are many more.

Passing on confidential documents to an outside body, especially the press, could seriously hinder the effective operation of this Council. It could close off some courses of action which could impact the future direction of the Council. It could cause serious financial damage to the Council. It is vital that rule 9.2.8.5 is taken seriously by all Councillors. No individual Councillor can decide that this rule does not apply to them. It applies to all of us. When you were elected you signed an agreement to obey the Constitution you simply cannot pick and choose which of those you will obey.

So, if you do receive a confidential document, from whatever source, known or otherwise, please remember your obligations within the Constitution and act accordingly.

Note

During Councillor Baker's statement, Councillors Bray and Ferris raised objections relating to the comments about an ongoing Code of Conduct investigation. Following advice from the Mayor, Councillor Baker retracted those parts of the statement which related to the ongoing investigation.

Councillor Charlotte Haitham Taylor, Executive Member for Children's Services

Following on from Children's Services success with our Innovation Bid last year we have again partnered up with Professor Eileen Munro and Dr Andrew Turnell to bid to the DfE to become a Learning Lab. The expression of interest has passed the DfE's first phase and will now go through to the full investment board in the coming month. We expect to hear news if we have been successful in the New Year.

We continue to fully embed our new practice framework and the learning collaboration that we have had garnered from this partnership has been a valuable and key investment in our workforce.

A couple of weeks ago I and other Members went to the Annual Adult and Children's Conference in Manchester. One of the high profile meetings I attended was to discuss the unaccompanied asylum-seeking children in Calais, Europe and refugee camps beyond. Whilst many will have seen many older boys featured in the media there is now a shift in profile of unaccompanied minors coming to the UK to vulnerable younger women, girls and much younger children. A very chilling message I took away from this conference was that children reaching the UK are often tied to a family debt (by virtue of how they arrived here) and are therefore at significant risk of exploitation by traffickers and gangs.

This week I attended our Children's Safeguarding Board. I was particularly pleased to see, in these times of austerity, how committed our partners are to safeguarding children. The Board received the annual report from the Pan-Berkshire Child Death Overview Panel. There are key messages for groups of professionals and systems about how we can change behaviours to prevent the death of a child or young person. However, one very current message for all of us jumps out from this report – this is to stop using our mobile phone whilst driving. It is valuable to share this information and in my role see that it is important to champion our children's rights too, and that includes the right for children to travel safely.

Councillor Angus Ross, Executive Member for Environment

On a local note, can I first congratulate Councillor Bill Soane and his colleagues for finding volunteers to plant at least 7,500 crocus bulbs across the Borough to add more colour to our existing wildflower areas. Well done. Also to congratulate a local company Two Hoots Cheese, making cheese in Barkham and best known as 'Barkham Blue', for winning a prestigious national award of Best Blue Cheese at the inaugural Great British Cheese Awards recently. Amazing what comes out of our countryside! It's my favourite cheese!

Linking into a good diet, we want our residents to have the best possible access to exercise and we have developed a new high level Leisure Strategy which the Executive

recently approved for consultation - this runs to 23rd December. I hope Members and the residents of the Borough will read this and make any comments to improve the basis of how we go forward looking at leisure, sport, and exercise as an integral part of our Health and Wellbeing agenda. We are holding five sessions across the Borough for residents to come and meet with Officers to discuss our proposals and strategy - details are on our website. I hope to have the final document for adoption very early in the New Year.

I am pleased to announce the completion, except for a few minor final details, of our new All Weather Pitch at Ryeish Green. This looks a great addition to our facilities and an integral part of the provision for sport within the South of M4 Strategic Development Location. In addition we have completed the drainage of the grass pitches behind, as they were out of action so much of the winter waterlogged in recent years.

I am also delighted to announce the opening of two more country parks, officially SANGs or Suitable Alternate Natural Greenspaces, that is areas for walking, exercising dogs, etc as an alternative to going to the areas of Heathland south of the Borough where additional access would further affect ground nesting birds in our heathland. This provision is a requirement for any houses built within 5 kms of any heathland - or 7kms for major developments. These new parks are at Toutley and Arborfield Green and provide large additional open spaces for the enjoyment of residents. This brings the total area to date, in addition to the normal open space requirements of development, to around 90 Hectares. Great for our residents.

Councillor Malcolm Richards, Executive Member for Highways and Transport

The Shinfield Eastern Relief Road (SERR) is due to be opened in early December (in fact on the 8th December, according to Hochtief Group). There are two or three jobs to be done first, over the next few weeks. These details have been announced and released to the press and public and then the highway will be fully opened. There is some additional off-highway work to finish minor tasks and these will be conducted over the subsequent weeks; but they should not affect the highway at all and they are expected be completed by late January 2017.

This project attracted a great deal of attention during its construction and I would like to briefly explain a few things to help clarify what the situation was. This major road (SERR) is not a Wokingham Borough Council project. It is a project of the University of Reading (UoR). They are the customer, and the development of the road was the responsibility of Hochtief (a major design and construction company). WBC was involved inasmuch as we are the local highways authority and we have to provide permits and licences for people to work on the actual highway. These permits are called Section 50 permits. They are not just pieces of paper, they contain a whole raft of rules and regulations to ensure that the development is done properly, safely and on time, and procedures are correctly documented and observed. There are defined procedures and plans and backup systems which all have to be correctly followed. There may be enforcement by the local authority (ie. us) if the rules are not followed. So, we were only the safety and quality monitoring component of the project, not the development and construction people.

At some of the middle stages of the project we became concerned that not all the procedures (including safety stages, site access rights and signage rules, etc) were being correctly followed, and that concerned us. So we notified the developer of these points and requested that they conform fully to them. Unfortunately that requested conformance didn't happen properly or quickly enough, so to focus their attention on the problems, we

withdrew the Section 50 permits to work on the highway. That seemed to work. So, as Hochtief adjusted their procedures we lifted some of the Section 50 permits, and then some more later on, until eventually they had all their Section 50 permits back and were working correctly. It also helped them to make better progress in recovering their earlier delays.

It is the responsibility of the developer/constructor to plan and do the work and to issue all press releases or updates – it is not the duty of WBC. However, we did issue some releases to advise the public of the reasons for the highway changes and the delays, etc. WBC should only, and did only, issue media releases if and when we felt it necessary to inform the public about the effect of our Section 50 permits – and we did that. Before those WBC explanations, the public thought that we were the developer and that we were responsible for all the delays. I hope that this explanation has now clarified the position.

67. STATEMENTS FROM COUNCIL OWNED COMPANIES

Due to time constraints no statements were received in relation to Council owned companies.

68. MEMBER QUESTION TIME

Due to time constraints, Member questions were not considered and the following written answers were provided.

68.1 Pauline Helliard-Symons had asked the Executive Member for Children's Services the following question:

Could the Executive Member provide an update on the work of the Multi-Academy Trust Working Group?

Answer

WBC has been proactive in exploring the possibility of a Local Authority (LA) Multi-Academy Trust or MAT. Information from the Association of Directors of Children's Services suggests no more than a handful of LAs are actively developing specific plans. Because we have maintained a dialogue with the Department for Education about this, our initiative has attracted the attention of the Regional Schools Commissioner (RSC), with the result that an LA/RSC meeting is anticipated by the end of the year.

We hope by this means to influence thinking in the Department, to see what support can be made available for a move by which we are trying to set a sense of direction for a community of local schools working together sustainably, and in a new partnership with the authority.

Since the White Paper early this year Officers have been intent on raising awareness, clarifying opportunities and de-mythologising. Meetings have taken place for headteachers and chairs of governors; an online forum has been established to share local thinking and support communication. Wokingham schools were surveyed in the summer and over 30 attended a meeting to consider a Wokingham MAT. A smaller number is involved in a working group.

The Member group has met and planned ahead with Officer support. In October it received an update on work completed so far, and considered timescales, financial implications, learning from partners and other groups, business models, and the value of working together with local schools. Planning ahead the group will be looking at legal options and accountability processes or schemes of delegation at its next meeting.

68.2 Charles Margetts had asked the Executive Member for Children's Services the following question:

The rate of child poverty in Wokingham Borough at 10% is well below the UK average of 28%. However, more needs to be done. Could the Executive Member set out what steps she and her department can take to continue to lift our Borough's children out of the blight of poverty?

Answer

Thank you for raising the important subject of child poverty – an area of priority for which we adopt two main approaches:

1. an immediate factor in child poverty is the lack of sufficient income from parental employment, including worklessness and working insufficient hours and / or low pay;
2. for the future, educational achievement is key to breaking the cycle of poverty.

To support families, Wokingham is part of the Troubled Families Programme, one of whose criteria is risk of worklessness. An Employment Advisor is seconded to Wokingham to work with identified families, offer advice on their benefit status and support them back into training or employment. A Specialist Health Practitioner from Berkshire Healthcare Foundation Trust will also support the family to ensure they get the right healthcare.

Our Children's Centres have worked with partners such as the Health Visiting Team, Community Development and Community Wards. The Children's Centres have engaged with and made a positive difference to the lives of the children and families living in these areas.

We are aware that being in poverty in Wokingham can lead to feelings of isolation and deprivation. So core elements of our social work practice framework are designed to breakdown feelings of isolation by working with families and their support network, encouraging them to draw on their social capital and find solutions to the difficulties they face.

For children's futures, educational achievement is key to breaking the cycle of poverty. We support schools to narrow achievement gaps and improve the performance of disadvantaged pupils. Because overall performance is very high in Wokingham, the achievement gaps are wider than elsewhere. The 2016 data isn't all released yet, but in 2015, the gap for five good GCSEs including English and maths was 31% in Wokingham, and 27% nationally. In fact though our disadvantaged pupils did better than their national peers (Our figure was 39% - it was 36% nationally). The rate of progress during secondary school was higher too in Wokingham than nationally, and we had the same success in Key Stage 1.

Officers have led action research on transition from primary to secondary school, showcased good practice, worked with partners, and brought learning back from national and regional fora. Termly meetings for narrowing the gap leaders are held, and the team is working in partnership with Wellington College to provide a training event. Officers attend meetings with other authorities, and are organising a pan-Berkshire narrowing the gap conference for the spring. Early years officers are working with school and nursery leaders, as well as colleagues in health and community development, to produce materials to support parents to ensure that their children are 'school-ready'.

The impact of all this has been recognised by the Department for Education and Ofsted. Maiden Erlegh School won the Department for Education's Pupil Premium Award for the south east region this year. Inspection reports include comments like: 'Disadvantaged pupils catch up quickly because of well-judged support. Previous gaps between disadvantaged pupils and their peers have closed completely.' (Winnersh Primary, May 2016) 'The proportion of disadvantaged pupils achieving expected levels in the Year 1 phonics check has doubled since the previous inspection.' (All Saints Primary, September 2016). Officers had worked closely with these schools.

More impact - the percentage of Wokingham's disadvantaged children achieving a good level of development at foundation stage went from 35% in 2014 to 51% in 2016. The phonics result at age 6 increased from 42% in 2013 to 56% in 2015, and looks like being about 65% this year. The figure for reading, writing and maths at the end of primary school increased from 53% in 2013 to 60% in 2015 and is in line with national peers in 2016.

We know we still have work to do. Despite improvements in phonics, outcomes for disadvantaged children remain below national. In 2016, KS1 attainment for children eligible for FSM was below national, and gaps were larger. We know from Ofsted that this is a particular challenge in wealthy areas with low numbers of disadvantaged families. We are going to be part of a new working group of similar authorities looking at this.

In summary, work on reducing children living in poverty underpins the work carried out in Children's Services. As a Council, we continue to strive to close achievement gaps and reduce the poverty rate, with the intended outcome of supporting all children and young people in Wokingham to feel listened to, be safe and have an opportunity to live their lives to their full potential.

68.3 Laura Blumenthal had asked the Executive Member for Highways and Transport the following question:

Could the Executive Member provide an update on the Borough's Civil Parking Enforcement application to the Department for Transport?

Answer

Following Executive endorsement of the recommendation, which refers to the various technical resolutions, the Council is now authorised to make an application to the Department for Transport to bring in Civil Parking Enforcement powers.

This process usually takes in the region of 6 months, and in parallel there is further work to undertake with the Parish Councils regarding how we distribute Civil Parking Enforcement across the Borough.

It is anticipated that Civil Parking Enforcement will go live in the second half of 2017.

68.4 Pauline Jorgensen had asked the Executive Member for Environment the following question:

Could the Executive Member advise what steps the Council is taking to address the impact on waste bin emptying, grounds maintenance and other Environment services, caused by gypsy incursions?

Answer

The number of Traveller incursions we've had this year is 30 which is significantly higher

than those experienced in previous years (16 in 2015/16). This has had an impact on Services within the Environment directorate including car parks, parks, open spaces and country parks.

The biggest impact fell on the Street Cleaning Contract, whose staff carried out clearances/clean ups and boundary protections.

This contract carries the correct amount of staff to deliver scheduled work such as street sweeping, litter picking, litter bin emptying and fly tipping clearances so when significant amounts of extra work are required as with Traveller incursions then this can cause delays in some of the scheduled work such as litter bin emptying.

68.5 Tim Holton had asked the Executive Member for Resident Services the following question:

Could the Executive Member provide an update on the progress of the transition to online self-service for residents?

Answer

Since the launch of the Council's self-serve function named the 'Customer Account' in November 2015, 9,476 individual accounts have been created and are in active use. A total of 17,606 transactions have been used via this method. Key benefits of self-serve are:

- Available 24/7 at a time that suits the resident
- Has the ability to keep resident automatically updated as their request progresses via Txt and/or email
- Remembers the resident so tailored information can be received and re-entering of information is kept to a minimum
- Can be used on many devices including as an App on tablets and smartphones
- Residents can log in to see where their request is and check their transaction history
- Makes the Council more open and transparent by measurement of response times and SLA's as part of the residents progress updates.

Self-serve is currently available for

- 18 high volume services for Waste
- 80 different Highways scenarios
- Registrar process for Copy Certificate Requests.

Useful proactive information is available from the customer account such as:

- Bin collections dates and personalised Councillor information.

In addition to this a number of online forms have been added to the corporate website for high volume transactions like Council Tax and Benefits.

We have received many pieces of positive feedback with regards self-serve. The 21st Century Council change programme will build on this success moving more and more services on-line, expanding and promoting this service.

68.6 Alistair Auty had asked the Executive Member for Planning and Regeneration

the following question:

Could the Executive Member inform the Council as to what steps the Authority can take to recover costs from the mess and damage caused by gypsy incursions?

Answer

Where private land is affected, the cost of clear up caused by trespassers is the responsibility of the land owner. For land within the ownership or stewardship of the Council, then the Council will always try to recover costs were it is legally and financially practical to do so.

Where there is substantial mess and waste left at a site, then the Council can prosecute for 'fly tipping' providing that the Council can prove beyond all reasonable doubt that an individual has committed an offence. This requires a witness to identify an offender and then testify in court. Ordinarily, there has been little opportunity to prosecute as there is no witness or witnesses who are prepared to testify. The Council can issue a fixed penalty of £400 but this requires the offender to be caught in the act or a witness who is prepared to give evidence.

The Council could claim in the civil courts for the costs of clear up providing that suitable witness evidence is available proving that the trespassers caused the damage. The burden of proof is lower in civil courts and a court can infer damage was caused by the trespassers by reason of the being on site. However, often where there are trespassers, the principal objective is to recover the land and remove the occupiers as quickly as possible. This is because their presence is often causing a detriment to the amenity for the general public and adjacent land owners. Costs are generally a secondary issue. If a claim is made for costs and possession, then the possession will be delayed for weeks or months. For possession only, the court typically awards possession 7 days after we are aware of the trespassers.

If the Council decides that cost is the main issue and accepts the continued presence of trespassers until a delayed hearing date is given, the Council would then need to enforce the money judgement against trespassers who often have no fixed abode. If the trespasser can be located then the only appreciable asset may be a vehicle and caravan. If these were seized to sell, then the Council would possibly be left with an obligation to re-house the trespassers.

In summary, the Council currently prioritises a speedy recovery of land to protect the amenity for the general public and recovers costs when it is legally and financially practical to do so.

68.7 UllaKarin Clark had asked the Executive Member for Health and Wellbeing the following question:

Could the Executive Member update the Council on negotiations with the Government to find a solution to the funding of the Borough's Better Care Fund requirements?

Answer

As Members will be aware, the Care Act replaced a 4 tier 'Fair Access to Care Services' (FACS) with a single national eligibility threshold. Just 3 councils (West Berkshire, Wokingham and Northumberland) were operating at the highest FACS level of 'critical' and therefore the introduction of the new national eligibility threshold created a far greater burden than for all other Councils who were already operating at a lower FACS level. WBC undertook this step due to the poor financial settlement offered by central government.

In May 2014 the Department of Health (DoH) published a Care Act Impact Assessment that identified one-off costs of £3m and on-going costs of £25.3m for those 3 Councils.

WBC in agreement with West Berkshire Council reluctantly decided that due to the increased burden on the Council we had no alternative but to go out for a Judicial Review (JR). Upon issuing the JR some 18 months ago, the DoH asked that we withdraw the action and, in return, they would repay our costs and work with us to agree a satisfactory settlement. Although we agreed to this, after a number of changes to the minister in charge, a decision was finally made a few weeks ago that WBC and West Berkshire were advised that no further funding would be forthcoming as the DoH felt that we were not under any additional burden.

After a careful review we believe that we have a stronger case that we did originally in that we have additional data to support our case but, as any new JR, is time sensitive we have consulted with our colleagues in West Berkshire and have reluctantly decided to proceed with a new application for a JR. I will of course keep Members apprised on progress.

68.8 Michael Firmager had asked the Executive Member for Planning and Regeneration the following question:

The Localism Act allows residents or community groups to nominate buildings or land as Assets of Community Value. Does the Executive Member believe that this will provide the opportunity for communities in our Borough to protect those assets that are important to residents from being sold and developed?

Answer

Within Wokingham Borough there has been a healthy amount of activity through the Asset of Community Value process since its introduction over three years ago. So far the Council has received 19 nominations from a range of local community organisations, and has approved seven of these nominations as assets of community value.

The Localism Act (2011) provides local voluntary and community organisations, along with parish councils, the power to nominate a building or land that they believe to be of importance to their community's social well-being to be included on a list of 'assets of community value'. The list can include private as well as public assets, including local authority, NHS or Police assets.

The Council's policy on Assets of Community Value states that nominated buildings or land should play a significant role in local life and that the activity it supports could not reasonably continue if the building was lost to community use. This would normally mean that there are no similar or alternative facilities in the local area that could support the activity.

If the nomination is approved, and in the future the owner of the asset wants to sell it, a moratorium period of up to six months can be triggered during which the asset cannot be sold. This period gives interested parties time to develop a proposal and raise the required capital to bid for the property when it comes onto the open market at the end of the moratorium period.

These regulations do not place any restriction on what an owner can do with their property, restrict who an owner of a listed asset can sell his property to (or at what price), or confer a right of first refusal to local voluntary and community organisations.

So far, two approved Assets of Community Value have been sold: The White House School in my Evendons Ward has become a shining example of a community led free school and goes from strength to strength. The Royal British Legion in Shinfield will provide the site for the new community facility within the South of the M4 Strategic Development Location, which is being delivered jointly by Wokingham Borough Council and Shinfield Parish Council.

69. MINUTES OF COMMITTEE MEETINGS AND WARD MATTERS

Due to time constraints, Minutes of Committees and Ward Matters were not considered.

70. MOTIONS

70.1 Motion 388 submitted by Alison Swaddle

Due to time constraints the Motion was not considered and, in accordance with Rule 4.2.8.1, was deemed to have fallen.

70.2 Motion 389 submitted by David Sleight

Due to time constraints the Motion was not considered and, in accordance with Rule 4.2.8.1, was deemed to have fallen.

70.3 Motion 390 submitted by Richard Dolinski

Due to time constraints the Motion was not considered and, in accordance with Rule 4.2.8.1, was deemed to have fallen.

70.4 Motion 391 submitted by Lindsay Ferris

Due to time constraints the Motion was not considered and, in accordance with Rule 4.2.8.1, was deemed to have fallen.

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**MINUTES OF AN EXTRAORDINARY MEETING OF
THE COUNCIL
HELD ON 6 DECEMBER 2016 FROM 7.30 PM TO 8.00 PM**

Members Present

Councillors: Bob Pitts (Mayor), Rob Stanton (Deputy Mayor), Mark Ashwell, Alistair Auty, Parry Bath, Prue Bray, UllaKarin Clark, Gary Cowan, Andy Croy, Lindsay Ferris, Michael Firmager, Kate Haines, Mike Haines, John Halsall, Tim Holton, Philip Houldsworth, Dianne King, John Jarvis, Clive Jones, Norman Jorgensen, Pauline Jorgensen, John Kaiser, Abdul Loyes, Charles Margetts, Ken Miall, Stuart Munro, Ian Pittock, Barrie Patman, Anthony Pollock, Malcolm Richards, Beth Rowland, Rachelle Shepherd-DuBey, David Sleight, Chris Smith, Wayne Smith, Bill Soane, Alison Swaddle, Simon Weeks and Oliver Whittle

71. APOLOGIES

Apologies for absence were submitted from Councillors Keith Baker, Laura Blumenthal, Chris Bowring, David Chopping, Richard Dolinski, Charlotte Haitham Taylor, Pauline Helliard-Symons, Emma Hobbs, David Lee, Julian McGhee-Sumner, Philip Mirfin, Angus Ross, Chris Singleton, Paul Swaddle and Shahid Younis.

72. DECLARATIONS OF INTEREST

There were no declarations of interest received.

73. PUBLIC QUESTION TIME

In accordance with the agreed procedure the Mayor invited members of the public to submit questions to the appropriate Members.

73.1 David George had asked the Executive Member for Resident Services the following question but due to his absence a written response, as set out below, was provided to him:

Question

Can the Executive Member responsible please explain why this contract scheduled for debate at the extraordinary Council meeting next Tuesday which relates to a contract renewal which was entered into in June 2010 and January 2012 and with an expiry date at the end of January 2017 were not scheduled earlier? This would have allowed a proper debate and consultation to take place. Is this considered normal practice for Wokingham Borough Council?

Answer

The shared service agreement with West Berkshire Council will expire in January 2017. The Council has considered alternative arrangements to enable it to meet its statutory responsibilities to provide environmental health, licencing and trading standards services. The Council's Executive is responsible to authorise the setting up of any alternative and in November 2016, it authorised a new Public Protection Partnership between Wokingham Borough Council, West Berkshire Council (host) and Bracknell Forest Council. This followed the item appearing on the Council's Executive Forward Programme for many months in advance.

Under the new partnership arrangement, a Joint Committee will be responsible for the strategic direction of the partnership. This will be made up of two elected members from each authority. As a result of recent case law that has indicated that only Full Council can

set up this type of Joint Committee, an extraordinary meeting has been arranged. This is only necessary to authorise that this committee is set up and not to agree to the setting up the Public Protection Partnership that has already been authorised.

74. PUBLIC PROTECTION SHARED SERVICE

The Council considered a report, as set out on Agenda pages 5 to 14, relating to the setting up of a Joint Committee with West Berkshire and Bracknell Forest Councils following the Executive's agreement on 24 November 2016 to enter into a shared service arrangement for the delivery of public protection services.

The Executive Member for Resident Services reminded the meeting that the Executive had already agreed to the creation of the Shared Service and the purpose of this report was the setting up of a Joint Committee which would set key performance indicators, service levels, measure performance and also set policies and financial arrangements. This would provide improved control over policies and budget setting. Councillor Jorgensen also confirmed that the role of the Council's Licensing Committee would not be affected by the new arrangements.

Councillor Jorgensen advised the meeting that the new partnership was expected to make a saving of £50k which was in addition to the £180k per annum which had been realised from the original joint service with West Berkshire.

During discussion of the item Members raised concerns that an extraordinary Council meeting had to be called to consider this matter and had the item been better timetabled could have been considered at the November Council meeting. Some Members also stated that they felt that the saving of £50k seemed insignificant for such a large contract.

It was proposed by Pauline Jorgensen and seconded by Alison Swaddle that the recommendations contained in the report be agreed.

Prior to a vote being held, six Members, in accordance with Procedure Rule 4.2.15.5, requested that a recorded vote be taken on the item. The voting was as follows:

For	Against	Abstained
Mark Ashwell	Prue Bray	Bob Pitts
Alistair Auty	Gary Cowan	Rob Stanton
Parry Batth	Andy Croy	
UllaKarin Clark	Lindsay Ferris	
Michael Firmager	Clive Jones	
Kate Haines	Beth Rowland	
Mike Haines	Rachelle Shepherd-DuBey	
Tim Holton		
Philip Houldsworth		
John Jarvis		
Norman Jorgensen		
Pauline Jorgensen		
John Kaiser		
Dianne King		
Abdul Loyes		
Charles Margetts		
Ken Miall		

Stuart Munro		
Barry Patman		
Ian Pittock		
Anthony Pollock		
Malcolm Richards		
David Sleight		
Chris Smith		
Wayne Smith		
Bill Soane		
Alison Swaddle		
Simon Weeks		
Oliver Whittle		

RESOLVED: That following agreement by the Executive to enter into a shared service arrangement for the delivery of Public Protection services with Bracknell Forest Council and West Berkshire Council (host) commencing January 2017 Council agrees to:

- 1) authorise the creation of a Joint Committee with West Berkshire Council (host) and Bracknell Forest Council through the Public Protection Partnership (PPP) to determine policy, strategy and oversee the performance monitoring and management of the new PPP;
- 2) delegate to the Joint Committee WBC Council (non-Executive) functions in respect of public protection to enable the Joint Committee to further delegate the operational functions to the managers of the shared service;
- 3) authorise the appointment of the Executive Member for Resident Services and his/her Deputy together with one substitute member (to be agreed by the Executive Member for Resident Services) onto the Joint Committee.

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TITLE	Housing Revenue Account Budget 2017/18
FOR CONSIDERATION BY	Council on 23 February 2017
WARD	None specific
DIRECTOR	Graham Ebers, Director of Corporate Services
LEAD MEMBER	Julian McGhee Sumner, Executive Member for Health and Wellbeing

OUTCOME / BENEFITS TO THE COMMUNITY

Sound finances and value for money in providing housing services for council tenants.

RECOMMENDATION

That Council approve the following:

- 1) The Housing Revenue Account budget;
- 2) Council house dwelling rents be reduced by 1% effective from April 2017 in line with the Welfare Reform and Work Bill 2015;
- 3) Garage rents be increased by 1.9% effective from April 2017 in line with council fees and charges;
- 4) Shared Equity Rents will be increased by 2% based on September RPI, effective from April 2017;
- 5) Tenant Service Charges are set in line with estimated costs;
- 6) The Housing Major Repairs (capital) programme for 2017/18 as set out in Appendix C;
- 7) Sheltered room guest charges increase from £8.20 per night to £9.00 effective from April 2017.

SUMMARY OF REPORT

The proposed Housing Revenue Account budget for 2017/18 is set out for consideration and recommendation to Council. An indication of the budget for 2018/19 and 2019/20 is provided for information. Proposed 2017/18 rent levels for council housing and council-owned garages are also set out for recommendation to Council. The budget takes account of forecast economic changes and movements in interest rates using relevant available information from various sources, including the Council's treasury advisors.

The national housing landscape is set for further change from 2018/19 onwards that will have implications for the HRA over the longer term. These include the introduction of a high value asset levy from 2018/19; current thinking is that the HRA will dispose of assets to fund the levy. Clearly any disposals will affect business plan income and our

ability to house those in housing need at a time when our duties are increasing.

The HRA has also seen an increase in right to buy completions, 8 were sold in 2013/14, 13 in 2014/15 and 14 to December 2016 in the current financial year. Any loss of stock has income implications over the life of the business plan.

Wokingham Borough Councils ability to utilise retained right to buy receipts will also diminish over time, the HRA will be unable to fund its 70% share of spend from revenue from 2020/21 based on current projections.

Background

HOUSING REVENUE ACCOUNT 2017/18

Housing Ring Fence

1. The Housing Revenue Account (HRA) is a ring-fenced fund. This means that the HRA must be self-financing and expenditure must be paid for by Council tenants through rent and service charges. HRA expenditure cannot be funded by council tax and similarly HRA income should not be used to pay for general fund services.

Rent Restructuring, Convergence, Housing Self Financing and the 2017/18 Rental Reduction

2. For four years, commencing in 2016/17 the Government introduced a compulsory 1% reduction in Social and Affordable rents. There is no discretion in making this change and it applies to all council tenants. The 1% reduction was implemented in April 2016 and will be followed by a further 1% cumulative reduction from April each year for the three years to 2019/20. The rent restructuring and convergence initiative to create a fair rental system for social rents can therefore no longer be implemented, although the Council will continue increasing rents to target rent when properties are re-let whilst still maintaining the compulsory 1% reduction. Initially the 30 year model included year on year rent increases so the real reduction in income compared to the model will therefore be more than 1%.

3. At 28 March 2012 the self-financing system was introduced for the HRA. The self-financing system allocated a debt cap of £102m to the Council, and a loan portfolio of thirty one loans totalling £96.5m was created to ensure the best interest rates were achieved for the HRA at an average of 2.55% as opposed to the forecast average headline rate of 4.2%. As part of the change to the self-financing system, the Council has prepared a 30-year business plan for the HRA. The allocated debt is based on an up-to-date valuation of the Council's housing stock and a 30 year notional business plan of income and expenditure. The HRA will incur an annual interest charge and principal debt repayment over the first twenty three years of the plan. As of 1st April 2017 the HRA would have repaid debt of £6.2m. Over the next three years a further £6.8m of debt is to be repaid. The estimated debt as at the 31st March 2020 is £86.1m, budget provision is included under the HRA principal repayments line in Appendix D for these loans.

4. The council's 30 year business plan is being reviewed and updated to reflect known changes including the rent policy issues highlighted above. The business plan includes the following:-
- As at the 31st March 2013 the HRA had a capital financing requirement of £96.5m, this has now reduced to £90.4m thus giving the HRA borrowing headroom of £11.6m.
 - The Council set its HRA Authorised Debt Limit at £102m and the HRA Operational Boundary for Borrowing as £100m as set out in the Treasury Management Strategy.
 - The HRA Capital Programme for 2017/18 will be £7.3m plus any carry forward, followed by £5.9m in 2018/19 and £8.1m in 2019/20. The programme now includes the requirements to utilise the retained right to buy receipts. Note: We are waiting for the detail of the disposal of high

value voids which may impact on the level of programme which can be delivered.

- d. Rental income will be based on government requirements for a 1% reduction each year to 2019/20.

Garage Rents

6. It is proposed to increase garage rents by 1.9% for 2017/18 in line with the council wide increase to fees and charges.

Shared Equity Rents

7. Shared Equity rents are paid monthly in advance. Annual increases in shared equity rents were thought to be limited to a rate equivalent to RPI on the month before the lease commenced however review of these properties during the development of the 30-year business plan for the self financing system has determined that the annual increase should have been based on the increase in RPI since the leases were signed. Rents are now to be increased annually by inflation.

2017/18 Budget Assumptions & Risks

8. The 2017/18 budget includes expenditure of £2.7m for repairs and maintenance and a contribution of £1.8m revenue contribution to capital to help fund the capital investment programme.

Housing Major Repairs (Capital Programme)

9. The Council is required to fund major repairs from the rental income. The intention over the 30 year business plan is to generate additional resource to help the Council meet the decent homes standard and also to invest further in the redevelopment and regeneration of the council's housing stock.

The breakdown of the funding of the £7.3m capital expenditure in 2017/18 is:

- 1) Revenue contributions £1.8m,
- 2) Major Repairs Reserve £4.1m
- 3) Right to buy receipts £1m
- 4) Other receipts/grants £0.4m.

The proposed Housing Capital Programme is shown at Appendix C.

Consultation

10. The draft budget submission has been considered by Health & Wellbeing Leadership Team on the 12th January 2017, the Affordable Housing Implementation Group on 16th January 2017 and the Tenants & Landlord Improvement Panel which meet on 26th January 2017.

Analysis of Issues

The Housing Revenue Account budget for 2017/18 is shown at Appendix D. The budget has been drawn up on a self-financing basis and reflects:

- Interest charge of £2.9m, depreciation of £3.3m and revenue contributions to capital of £1.8m as determined by the Council's 30-year business plan under the self-financing system.
- Management and repairs costs have increased from £4.9m to £5.2m to meet regulatory commitments and fund staffing cost base increases. The projected HRA balance (see Appendix A) at 31 March 2017 will be £5.1m.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	See attached reports	Yes	Revenue & capital
Next Financial Year (Year 2)	See attached reports	Yes	Revenue & capital
Following Financial Year (Year 3)	See attached reports	Yes	Revenue & capital

Other financial information relevant to the Recommendation/Decision

None

Cross-Council Implications

None

List of Background Papers

Housing Revenue Account working papers

Contact Jonathan Ross	Service Resources
Telephone No 0118 974 6560	Email jonathan.ross@wokingham.gov.uk
Date 14 February 2017	Version No. 1

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HOUSING REVENUE ACCOUNT RESERVES

APPENDIX A

Reserve	Policy	Estimated Level at 31 March	Benefits	Opportunity Costs
Housing Revenue Account	<p>Local Government and Housing Act 1989 section 76 (3) forbids a year end deficit on the HRA</p> <ul style="list-style-type: none"> Balance is determined by level of risk associated with the budget Minimum 5% of gross spend <p>Current recommended minimum level of reserves is: £0.9m - minimum level</p>	<p>2017 £5.1m 2018 £4.2m 2019 £4.2m 2020 £2.1m</p>	<ul style="list-style-type: none"> Provides general contingency for unavoidable and unseen expenditure or fall in income Stability for longer term planning and for meeting the decent homes standards Interest on Balances helps to reduce costs: Interest on Balances @ 0.5% = £8k 	<ul style="list-style-type: none"> Could be used to fund HRA Capital expenditure to help meet decent homes standard which would result in loss of interest £5k per £1m Could be used to fund HRA debt repayment
Major Repairs Reserve	<ul style="list-style-type: none"> Use of Capital to meet Decent Homes Standard Redevelopment and regeneration of the Council's housing stock 	<p>2017 £1.8m 2018 £0.9m 2019 £0.0m 2020 £0.0m</p>	<ul style="list-style-type: none"> Provides capital to invest in stock to meet the government's Decent Homes Standard policy Provides general contingency for unavoidable or unseen expenditure 	<ul style="list-style-type: none"> Will be used to fund HRA capital expenditure to help meet decent homes standard

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PROPOSED RENT 2017/18 – Sample Rents, Service Charges & Fees

APPENDIX B

Address	Date Built	Weekly Rent 2015/16	Weekly Rent 2016/17	% Increase/ Decrease	Weekly Rent 2017/18	% Increase/ Decrease
Bed-sit Flat, Longs Way	1959	£ 78.40	£ 77.62	-1.0%	£ 76.84	-1.0%
Bed-sit Bungalow, Finch Road	1954	£ 87.73	£ 86.85	-1.0%	£ 85.98	-1.0%
1 Bed Flat, Cobham House	1964	£ 94.67	£ 93.72	-1.0%	£ 92.78	-1.0%
1 Bed Bungalow, Firs Close	1974	£ 91.38	£ 90.47	-1.0%	£ 89.57	-1.0%
2 Bed Flat, Field End	1984	£ 110.52	£ 109.41	-1.0%	£ 108.32	-1.0%
2 Bed Maisonette, Clements Close	1977	£ 104.37	£ 103.33	-1.0%	£ 102.30	-1.0%
2 Bed Bungalow, Emblen Crescent	1951	£ 106.21	£ 105.15	-1.0%	£ 104.10	-1.0%
2 Bed House, Mole Road	<1945	£ 120.94	£ 119.73	-1.0%	£ 118.53	-1.0%
3 Bed Maisonette, Patten Ash Drive	1965	£ 121.82	£ 120.60	-1.0%	£ 119.39	-1.0%
3 Bed Bungalow, Harman Court	1969	£ 129.89	£ 128.59	-1.0%	£ 127.30	-1.0%
3 Bed House, Hurst Road	<1945	£ 135.30	£ 133.95	-1.0%	£ 132.61	-1.0%
4 Bed Maisonette, Patten Ash Drive	1969	£ 133.60	£ 132.26	-1.0%	£ 130.94	-1.0%
4 Bed House, Chestnut Crescent	1969	£ 138.84	£ 137.45	-1.0%	£ 136.08	-1.0%
5 Bed House, Bayley Court	1969	£ 143.83	£ 142.39	-1.0%	£ 140.97	-1.0%

Note: It should be noted that construction of the dwellings does vary between traditional, non-traditional, PRC (pre-reinforced concrete) and timber framed homes.

Communal Area Address	Service Charge per property per week 2017/18*		
	Electricity	Grounds Maintenance	Cleaning
Arnett Avenue	£1.57	£0.18	£3.22
Ashridge Road	£1.77	£0.26	£0.00
Barker Court	£0.00	£0.36	£0.00
Budges Road	£0.99	£0.08	£0.00
Chatsworth Avenue	£0.00	£0.03	£0.00
Chestnut Crescent	£0.87	£0.02	£0.00
Cheviot Drive	£0.80	£0.45	£2.46
Chiltern Drive	£0.52	£0.45	£0.00
Cobham House	£0.99	£0.18	£4.21
Ditchfield Lane	£0.94	£0.05	£1.69
Dowding Court	£0.00	£0.49	£0.00
Field End	£0.00	£0.24	£0.00
Finch Road	£0.00	£0.05	£0.00
Frensham Green	£0.00	£0.09	£0.00
Halpin House	£9.04	£0.49	£0.00
Hunters Court	£0.53	£0.19	£3.16
Kingsbridge Cottages	£0.00	£0.45	£5.25
Loddon View	£0.00	£0.36	£0.00
Martineau Lane	£0.00	£0.09	£0.00
Middlefields Court	£0.00	£0.18	£0.00
Norreys Avenue	£0.00	£0.00	£2.02
Ormonde Road	£0.47	£0.07	£0.00

APPENDIX B

Patten Ash Drive	£1.83	£0.04	£0.00
Pennfields	£0.23	£0.13	£0.00
Queen Victoria House	£0.70	£0.05	£2.42
Recreation Road	£0.82	£1.69	£5.10
Roycroft Lane	£0.00	£0.10	£0.00
Stephanie Chase Court	£0.28	£0.57	£0.00
Toutley Road	£1.15	£0.46	£0.00

* The service charge may include any, or all of the following: Grounds Maintenance, Cleaning, and Electricity where applicable. There may be small differences between properties within the same road reflecting different service charge requirements e.g. communal areas.

Sheltered Accommodation Address	Service Charge per property per week 2017/18*
Arnett Avenue	£2.52
Dickens Court	£32.78
Glebe Gardens	£17.68
Harman Court	£26.55
Meachen Court	£35.42
Palmer Court	£38.25
Polehampton Court	£27.93
Sale Gardens	£27.31
Spring Gardens	£36.06
Treacher Court	£21.03
Cockayne Court	£30.55

* The service charge may include any of the following Grounds Maintenance, Cleaner, Cleaning, Communal Water, Water, Communal Electric, Electric, Communal Gas, Gas, Warden, Scheme Telephone, Alarm Phones, Window Cleaning, Common Room Cooker & Refrigerator, Heating Plant & Equipment, Lift Servicing, Ventilation System, Fire Fighting Equipment, Sewerage Pumps, Warden Call System/Entry Phones/Emergency Lighting, Forest Care, Malibu Bath, CCTV, Business Rates, where applicable.

Sheltered Accommodation Guest Charges	Guest Charge Per Night 2017/18
Dickens Court	£9.00
Cockayne Court	£9.00
Harman Court	£9.00
Meachen Court	£9.00
Palmer Court	£9.00
Polehampton Court	£9.00
Sale Garden Cottages	£9.00
Spring Gardens	£9.00

Garages	Weekly Rent 2017/18
Council Tenants (Non vatable)	£7.80
Non Tenants (vatable)	£11.10 (Includes VAT @ 20.0%)

Leaseholder Charges	Per Annum 2017/18
Ground Rent	£10.00
Management	£90.00

HOUSING REVENUE ACCOUNT CAPITAL BUDGET 2017/18

APPENDIX C

	2017/18 £'000 Budget	2018/19 £'000 Budget	2019/20 £'000 Budget
EXPENDITURE			
Estate Improvements	25	25	25
Capitalised Staffing Costs	490	490	495
Adaptations for the Disabled	150	150	150
Voids	400	400	400
Housing Purchase	3,200	1,800	4,000
Planned & Cyclical Works	1,495	1,495	1,495
Improvements & Projects including Decent Homes	1,540	1,540	1,540
Total Expenditure	7,300	5,900	8,105
FUNDED BY			
Major Repairs Reserve	(4,148)	(4,102)	(3,464)
Right to Buy Receipts	(960)	(540)	(1,200)
Other Receipts/Grants	(359)	(350)	(350)
Revenue Contributions	(1,833)	(908)	(3,091)
Total Capital Funding	(7,300)	(5,900)	(8,105)
Balances at Year End	0	0	0

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HOUSING REVENUE ACCOUNT BUDGET 2017/18

Appendix D

	2017/18 £'000 Budget	2018/19 £'000 Budget	2019/20 £'000 Budget
INCOME			
Rents			
Dwelling Rents	(14,813)	(14,685)	(14,561)
Garage Rents	(220)	(221)	(222)
Commercial Rents	(2)	(2)	(2)
Total Rents	(15,035)	(14,908)	(14,785)
Fees & Charges			
Service Charges	(482)	(484)	(486)
Leasehold Charges	(58)	(58)	(58)
Other Charges for Services & Facilities	(48)	(48)	(49)
Interest on Balances	(36)	(28)	(22)
Total Income	(15,658)	(15,526)	(15,399)
EXPENDITURE			
Housing Repairs	2,711	2,738	2,765
General Management	2,483	2,507	2,533
Sheltered Accommodation	647	653	660
Other Special Expenses	150	152	154
Depreciation (Note 1)	3,257	3,384	3,464
Revenue Contribution to Capital (Note 2)	1,833	908	3,091
Capital Finance Interest Charge	2,901	2,846	2,840
HRA Principle Repayments	2,548	2,284	1,998
Total Expenditure	16,530	15,473	17,505
Net Expenditure / (Income)	872	(53)	2,105
REVENUE ACCOUNT			
Balance at Beginning of Year	(5,052)	(4,181)	(4,234)
Forecast Outturn for Year	872	(53)	2,105
Balance at End of Year	(4,181)	(4,234)	(2,129)

Note 1. The contribution from HRA to Major Repairs Reserve

Note 2. Variation is largely driven by the need to match fund (at 70%) right to buy receipts

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TITLE	Capital Programme and Strategy 2017/20
FOR CONSIDERATION BY	Council on 23 February 2017
WARD	None specific
DIRECTOR	Graham Ebers, Director of Corporate Services

OUTCOME / BENEFITS TO THE COMMUNITY

Effective and safe use of our resources to deliver service improvements and service continuity through capital investments.

RECOMMENDATION

The Council are asked to:

- 1) approve the Capital Programme and Strategy for 2017/20, as set out in Appendix A to the report;
- 2) note the draft vision for capital investment over the next 10 years, as set out in Appendix B to the report; and
- 3) approve the developer contribution S106 and CIL as set out in Appendix C to the report noting that the S106 and CIL values are estimated and approval is sought up to the scheme budget.

SUMMARY OF REPORT

The overarching aim of the Wokingham Borough Council capital strategy is to provide a framework within which the Council's capital investment plans will be delivered and has been prepared to cover a 10 year time frame from 2017/2018 to 2026/27. However recognising that there is some uncertainty, especially in relation to needs and funding in later years, the strategy therefore focuses on 2017/18 to 2019/20.

Background

An officer led capital prioritisation group created to score, review and evaluate the current 10 year capital vision (including estimated carry-forwards) and any new capital scheme bids. This group sought to allocate scarce capital resources in line with the Council's Vision, priorities and underpinning principles.

Based on these evaluations the attached capital programme has been prepared. Members are presented with the proposed capital budget submission 2017/20 for recommendation to Council (Appendix A). This includes a summary of the sources of funding the programme (Appendix B).

Analysis of Issues

The proposed capital programme helps deliver the key priorities set over the next three years in the following key areas:

Improve educational attainment and focus on every child achieving their potential

£57.8m – this includes building to enable new school places and improvements to school buildings

Invest in regenerating towns and villages, support social and economic prosperity, whilst encouraging business growth

£96.4m – this includes investment in Wokingham Town Centre regeneration and investment in affordable housing.

Ensure strong sustainable communities that are vibrant and supported by well-designed development

£128.4m – This includes maintenance/improvements in housing revenue account properties, Wokingham cycle network, the continuation of the street lighting replacement scheme, maintenance / improvement of highways infrastructure and sports and leisure provision in the borough.

Tackle traffic congestion in specific areas

£72.0m – This includes construction of 6 new relief roads in Wokingham Borough

Improve the customer experience when accessing services

£19.5m – This includes implementation/purchase of new IT systems and investment in council properties.

Summary of the capital programme

A breakdown of the capital programme and resources available by year is found below:

	Year 1 2017/18 £'000	Year 2 2018/19 £'000	Year 3 2019/20 £'000	Total
Capital Expenditure	152,849	92,293	128,971	374,113
Capital Resources	(154,241)	(93,600)	(126,350)	(374,191)
In-year (Surplus)/deficit	(1,392)	(1,307)	2,621	(78)

Cumulative (Surplus)/deficit	(1,392)	(2,699)	(78)
*2017/18 Includes re-profiled schemes from 2016/17 of £54.6m			

The total value of the programme over the three years is £374.1m

The capital resources available to fund the capital programme over the next three years are broken down below:

Section 106/ Community infrastructure levy	- £114.1m
Grants & Contributions	- £37.2m
Reserves & Capital Receipts	- £32.1m
Borrowing	- £190.8m
Total funding	- £374.1m

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£152.8m in 17/18	Yes	Capital Revenue
Next Financial Year (Year 2)	£92.3m in 18/19	Yes	Capital Revenue
Following Financial Year (Year 3)	£129.0m in 19/20	Yes	

Other financial information relevant to the Recommendation/Decision

None

Cross-Council Implications

Budgets and strategies are clearly monitored and do not impact on other Council services and priorities

List of Background Papers	
Appendix A - 3 year Capital Programme	
Appendix B - 3 year Capital Resources	
Appendix C - Developers Contributions funded schemes	
Appendix D - 10 Year Capital Vision	

Contact Martin Jones	Service Finance & Resources
Telephone No 0118 9746877	Email martin.jones@wokingham.gov.uk
Date 10 February 2017	Version No. 2

CAPITAL SERVICE BUDGETS

	Statutory Capital Programme			Service Development Capital Programme			Total		
	Year 1 2017/18 £'000	Year 2 2018/19 £'000	Year 3 2019/20 £'000	Year 1 2017/18 £'000	Year 2 2018/19 £'000	Year 3 2019/20 £'000	Year 1 2017/18 £'000	Year 2 2018/19 £'000	Year 3 2019/20 £'000
Chief Executive									
Strategic acquisition sites									
Strategic purchase of sites in relation to town centre regeneration	0	0	0	3,000	0	0	3,000	0	0
Town centre development including Peach Place and Carnival Pool area									
The schemes will support existing and new businesses, increase employment, secure ongoing investment into the town centre (including surrounding areas) and improve the quality of the open space within the town centre	0	0	0	32,572	18,952	27,493	32,572	18,952	27,493
Total Chief Executive	0	0	0	35,572	18,952	27,493	35,572	18,952	27,493
Children's Services									
Basic needs primary - additional places									
Extension/new build projects to provide additional places throughout the Borough to meet need	13,895	9,247	11,006	0	0	0	13,895	9,247	11,006
Basic needs secondary - additional places									
Extension/new build projects to provide additional places throughout the Borough to meet need	4,160	372	372	0	0	0	4,160	372	372
Enhancing provision for children and young people with disabilities									
Adaptations to properties to enable disabled children to be cared for in their home/respite care environment	152	71	71	0	0	0	152	71	71
ICT equipment for children in care									
To purchase/replace equipment that is provided to children in care in line with our children in care pledge	19	19	19	0	0	0	19	19	19
Schools access									
To improve school facilities to enable full integration of pupils and adults with disabilities	45	45	43	0	0	0	45	45	43
School kitchens									
To improve various school meals kitchens throughout the Borough including delivery of the universal free school meal programme	95	95	95	0	0	0	95	95	95
Schools led enhancement									
Specific government grant to carry out capital works, controlled by schools	468	371	371	0	0	0	468	371	371
Schools urgent maintenance									
Urgent capital planned improvements and suitability issues	599	599	599	0	0	0	599	599	599
Secondary improvement programme									
To improve standards of learning in Secondary provision	1,318	0	0	0	0	0	1,318	0	0
Special education needs									
Capital investment required to reconfigure Primary and Secondary special education needs provision to best meet needs	3,179	356	500	0	0	0	3,179	356	500
Total Children's Services	23,930	11,175	13,076	0	0	0	23,930	11,175	13,076

CAPITAL SERVICE BUDGETS

[illegible]

[illegible]

CAPITAL SERVICE BUDGETS

	Statutory Capital Programme			Service Development Capital Programme			Total		
	Year 1 2017/18 £'000	Year 2 2018/19 £'000	Year 3 2019/20 £'000	Year 1 2017/18 £'000	Year 2 2018/19 £'000	Year 3 2019/20 £'000	Year 1 2017/18 £'000	Year 2 2018/19 £'000	Year 3 2019/20 £'000
Environment continued									
Town centre improvements									
Improving the Wokingham town centre including a partnership scheme for market place with Wokingham town council	0	0	0	2,005	0	0	2,005	0	0
Traffic signal upgrade programme									
To carry out urgent upgrades on old and obsolete equipment, also giving the opportunity of installing low energy equipment	238	238	238	0	0	0	238	238	238
Waste schemes - purchase of brown bins, paper sacks and recycling boxes									
The purchase of brown bins, paper sacks and recycling boxes to enable the Borough to continue their waste/recycling scheme	85	85	85	0	0	0	85	85	85
Wokingham borough cycle network									
Investment in current/future cycle networks in the Borough	1,787	950	950	0	0	0	1,787	950	950
Total Environment	12,797	8,432	7,739	26,945	21,787	36,391	39,742	30,219	44,130
Finance & Resources									
Affordable housing future schemes									
	0	0	0	13,335	4,557	11,087	13,335	4,557	11,087
Central contingency reserve									
For allocation to Wokingham Borough Council schemes as required	0	0	0	2,039	2,012	3,154	2,039	2,012	3,154
Commercial portfolio - improvement to industrial units									
To ensure commercial properties are suitable for letting	0	0	0	143	143	143	143	143	143
ICT Technical Refresh									
The Council's owned server hardware and network estate requires a rolling refresh programme to ensure a good and reliable service can be delivered. This budget has been reduced form previous years as the bulk of our server estate moves to a cloud based solution.	0	0	0	0	0	95	0	0	95
Property maintenance and compliance									
The ongoing maintenance of the operational property estate to retain the function and value of the asset, while ensuring compliance with legislative and regulatory requirements e.g. asbestos and legionella	333	333	333	0	0	0	333	333	333
Repayment of forward funded schemes loans									
Allocation of developers contributions to completed schemes which were forward funded	0	0	0	0	1,946	4,189	0	1,946	4,189
Support services energy reduction schemes									
Investment in energy reduction schemes through various mechanisms e.g. lighting, insulation and improvements; which is envisaged to deliver demonstrable energy bill savings	0	0	0	85	213	255	85	213	255
The 21st Century Council									
Implementation of the key IT improvements to contribute towards the 21st Century Council programme	0	0	0	1,577	0	0	1,577	0	0
Total Finance & Resources	0	0	0	17,179	8,871	18,923	17,512	9,204	19,256

CAPITAL SERVICE BUDGETS

	Statutory Capital Programme			Service Development Capital Programme			Total		
	Year 1 2017/18 £'000	Year 2 2018/19 £'000	Year 3 2019/20 £'000	Year 1 2017/18 £'000	Year 2 2018/19 £'000	Year 3 2019/20 £'000	Year 1 2017/18 £'000	Year 2 2018/19 £'000	Year 3 2019/20 £'000
Health & Wellbeing									
Aborfield Leisure To provide leisure facilities in the area	0	0	0	1,500	0	0	1,500	0	0
Bulmershe sports centre The redevelopment of Bulmershe Leisure centre	0	0	0	5,336	4,664	0	5,336	4,664	0
Bungalows for people with profound multiple disabilities To provide suitable housing for this group of people	0	0	0	10	760	0	10	760	0
Carnival pool. The redevelopment of Carnival pool	0	0	0	0	0	5,336	0	0	5,336
Connected care Integration of health and social care ICT systems	95	95	95	0	0	0	95	95	95
Day services for adults with physical disability Feasibility into the provision of day services for adults with physical disability	0	1,129	0	0	0	0	0	1,129	0
H&W urgent maintenance & refurbishment The urgent maintenance/refurbishment of the Health and Wellbeing estate to retain the function and value of the asset and to meet and health and safety issues	0	0	0	95	95	95	95	95	95
HRA - Tape Lane Year 2 of redevelopment of the site with new properties for the HRA housing stock	0	0	0	1,774	0	0	1,774	0	0
Investment in the council's housing stock (inc. adaptations/estate improvements) Investment programme in the council housing stock, which meets the government's decent homes standard	4,100	4,100	4,100	0	0	0	4,100	4,100	4,100
Investment in Wokingham Housing - Loan to provide capital	0	0	0	17,640	6,000	7,590	17,640	6,000	7,590
Mandatory disabled facility grants Mandatory means tested grants for adapting the homes of people with disabilities to enable them to live independently at home	732	600	600	0	0	0	732	600	600
Nursing home A joint Nursing Home project between WBC and Optalis. To provide good quality in the local nursing care market as well as providing much needed places at favourable rates	0	0	0	1,500	3,500	3,200	1,500	3,500	3,200
Purchase of council houses HRA A programme to replace HRA housing stock using the 1 for 1 Right to Buy receipts	0	0	0	3,200	1,800	4,000	3,200	1,800	4,000
Suffolk Lodge upgrade To upgrade the current residential care home to better focus on the needs of the dementia clients it now supports and to replace outdated fire alarm systems and wiring	0	0	0	111	0	0	111	0	0
Total Health & Wellbeing	4,927	5,924	4,795	31,166	16,819	20,221	36,093	22,743	25,016
Total council services	41,654	25,531	25,610	110,862	66,429	103,028	152,849	92,293	128,971

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ESTIMATED CAPITAL FUNDING STATEMENT

		Ring Fenced Funding			Non - Ring fenced Funding			Total		
		2017/18 £'000	2018/19 £'000	2019/20 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Proposed Capital Programme - including reprofiled 16/17 schemes	Note	133,613	82,332	115,141	19,236	9,961	13,830	152,849	92,293	128,971
Basic Need Grant		0	0	0	8,786	2,855	2,855	8,786	2,855	2,855
Better Care Fund Grant		1,205	733	733	0	0	0	1,205	733	733
Borrowing (forward funding)		14,279	7,690	25,358	0	0	0	14,279	7,690	25,358
Borrowing (standard allocation)		0	0	0	4,850	3,400	3,700	4,850	3,400	3,700
Borrowing (Wokingham Housing)		17,640	6,000	7,590	0	0	0	17,640	6,000	7,590
Borrowing (Wokingham town centre regeneration)		35,572	15,152	23,493	0	0	0	35,572	15,152	23,493
Borrowing (Invest to Save)		10,186	8,369	7,507	0	0	0	10,186	8,369	7,507
Capital Maintenance Grant		0	0	0	2,431	1,561	1,202	2,431	1,561	1,202
Capital receipts (non Wokingham town centre regeneration)	1	0	0	0	945	150	150	945	150	150
Capital receipts - Peach Place redevelopment	2	0	3,800	4,000	0	0	0	0	3,800	4,000
Developers contributions (community infrastructure levy)		3,436	11,629	9,041	0	0	0	3,436	11,629	9,041
Developers contributions (section 106)		41,012	20,517	28,427	0	0	0	41,012	20,517	28,427
77 Devolved formula capital	3	860	392	392	0	0	0	860	392	392
Integrated Transport Maintenance Block Grant		0	0	0	143	0	0	143	0	0
Local transport plan direct grant - capital maintenance grant		0	0	0	3,302	3,302	3,302	3,302	3,302	3,302
Major repairs reserve		4,100	4,100	4,100	0	0	0	4,100	4,100	4,100
Local Enterprise Partnership Grant (Park and Ride)		349	2,150	500	0	0	0	349	2,150	500
Right to buy receipts	1	4,974	1,800	4,000	0	0	0	4,974	1,800	4,000
Thames Valley Berkshire Growth Deal 2014 Grant		0	0	0	171	0	0	171		0
Total Capital Reserves		133,613	82,332	115,141	20,628	11,268	11,209	154,241	93,600	126,350
In Year Surplus (-) / Deficit(+)								(1,392)	(1,307)	2,621
Cumulative Surplus (-) / Deficit(+)								(1,392)	(2,699)	(78)

ESTIMATED CAPITAL FUNDING STATEMENT

		2017/18 £'000	2018/19 £'000	2019/20 £'000
	Note			
Proposed capital programme (including 16/17 re-profiled schemes)		152,849	92,293	128,971
	Total Capital Programme	152,849	92,293	128,971
Ring fenced funding		133,613	82,332	115,141
Non ring fenced funding		20,628	11,268	11,209
	Total Funding	154,241	93,600	126,350
In Year Surplus () / Deficit(+)		(1,392)	(1,307)	2,621
Cumulative Surplus () / Deficit(+)		(1,392)	(2,699)	(78)
Movement on Capital Reserves				
Opening balance (including capital grants)		(6,562)	(1,392)	(2,699)
Estimate of capital receipts from sale of assets	2	(150)	(3,950)	(4,150)
Capital reserves/receipts used to fund capital programme		5,320	2,643	6,771
	Closing Balance	(1,392)	(2,699)	(78)

78 Notes

All grants for 17/18 onwards are estimates and could change

Note 1. All Capital receipts listed may not materialise

Note 2. Capital receipts in 2018/19 relate to Wokingham town centre first phase of housing sales

Note 3. Schools have discretion on how they can spend devolved capital

The table below are schemes which have been identified to be part/fully funded by Developers contributions

Section 106 (S106)

The executive are asked to approve the allocation of Section 106 funding up to the value of the budget of each scheme.

	2017/18 £,000	2018/19 £,000	2019/20 £,000	Total £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	Total £,000
	Current Estimated S106 Funding				Total Budget			
Aborfield Leisure				-				0
Affordable housing future schemes (to be approved)	(13,335)	(4,557)	(11,087)	(28,980)	13,335	4,557	11,087	28,980
Barkham Bridge	-	(198)	-	(198)	197	198	1,332	1,727
Basic needs primary - additional places	(6,166)	(1,864)	(4,352)	(12,381)	13,662	9,203	10,962	33,826
Basic needs secondary - additional places	-	-	-	-	4,160	372	372	4,904
Bulmershe sports centre	(749)	(140)	-	(889)	5,336	4,664	0	10,000
Carnival pool.	(625)	-	(1,029)	(1,654)	0	0	5,336	5,336
Country Park Capital Investment Programme	(591)	-	-	(591)	2,233	0	0	2,233
Future road building/Enhancements across the Borough	(12,976)	(11,726)	(10,666)	(35,368)	17,591	20,114	33,544	71,249
Greenways	(269)	(980)	(839)	(2,088)	1,000	1,000	1,000	3,000
Integrated Transport Schemes	-	-	-	-	464	380	380	1,224
Library Offer	(450)	-	-	(450)	450	0	0	450
Matthews Green Sch/Community Centre feasibility	(566)	(157)	-	(723)	566	157	0	723
Park and Ride Schemes	(351)	-	-	(351)	351	0	0	351
Public Rights of Way Network	(50)	(250)	(50)	(350)	50	250	50	350
Public Transport Network	-	-	-	-	0	942	1,200	2,142
Repayment of Forward Funding for New Secondary School	-	-	-	-	0	1,946	4,189	6,135
Ryeish Green Sports Hub	(1,305)	-	-	(1,305)	2,247	0	0	2,247
Schools Access	(45)	(45)	-	(90)	45	45	43	133
Special education needs	(1,804)	-	-	(1,804)	1,804	0	500	2,304
Sports Provision Across the Borough	-	-	(40)	(40)	0	0	40	40
Super Fast Broadband	(115)	-	-	(115)	301	0	0	301
Town Centre Improvements	-	-	-	-	625	0	0	625
Wokingham Borough Cycle Network	(1,616)	(600)	(364)	(2,580)	1,616	950	950	3,516

Total	(41,012)	(20,517)	(28,427)	(89,955)	66,031	44,778	70,985	181,794
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Community Infrastructure Levy (CIL).

The executive are asked to approve the allocation of Community Infrastructure Levy (CIL) funding up to the value of the budget of each scheme.

	2017/18	2018/19	2019/20	Total	2017/18	2018/19	2019/20	Total
	Current Estimated CIL Funding				Total Budget			
Basic needs primary - additional places	-	(747)	(209)	(956)	13,662	9,203	10,962	33,826
Basic Needs Primary Programme	-	(3,122)	(282)	(3,404)	2,080	2,966	1,557	6,603
Basic needs secondary - additional places	-	(372)	(144)	(516)	4,160	372	372	4,904
Future road building/Enhancements across the Borough	(2,407)	(5,442)	(4,217)	(12,066)	17,591	20,114	33,544	69,649
Greenways	-	-	-	-	1,000	1,000	1,000	3,000
Repayment of Forward Funding for New Secondary School	-	(1,946)	(4,189)	(6,135)	0	1,946	4,189	6,135
Ryeish Green Sports Hub	(49)	-	-	(49)	2,247	0	0	2,247
Safe route to Arborfield School	-	-	-	-	214	0	0	214
Sports Provision Across the Borough	-	-	-	-	0	0	40	40
Town centre improvements	(980)	-	-	(980)	980	0	0	980
Total	(3,436)	(11,630)	(9,041)	(24,106)	41,933	35,601	51,664	127,598
Total	(44,448)	(32,146)	(37,468)	(114,062)	177,006	141,764	216,209	531,780

10-YEAR CAPITAL VISION

SCHEME

The schemes below include 16/17 schemes re-profiled

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 to 2026/27 £'000	Total £'000
Anticipated Capital Schemes							
Strategic acquisition sites	3,000	0	0	0	0	0	3,000
Town centre development including Peach Place, Elms Field and Carnival Pool area	32,572	18,952	27,493	0	0	0	79,017
Total Chief Executive	35,572	18,952	27,493	0	0	0	82,017
Children's Services							
Basic needs primary - additional places	13,895	9,247	11,006	13,656	1,216	7,077	56,097
Basic needs secondary - additional places	4,160	372	372	740	920	4,598	11,162
Enhancing provision for children and young people with disabilities	152	71	71	71	71	356	792
ICT equipment for children in care	19	19	19	19	19	95	190
Schools access	45	45	43	43	43	214	433
School kitchens	95	95	95	95	95	475	950
Schools led enhancement	468	371	371	371	371	1,854	3,806
Schools urgent maintenance	599	599	599	599	599	2,993	5,988
Secondary improvement programme	1,318	0	0	0	0	0	1,318
Special education needs	3,179	356	500	4,750	0	0	8,785
Total Children's Services	23,930	11,175	13,076	20,344	3,336	17,662	89,521

10-YEAR CAPITAL VISION

SCHEME

The schemes below include 16/17 schemes re-profiled

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 to 2026/27 £'000	Total £'000
Environment							
Barkham Bridge	197	198	1,332	282	0	0	2,009
Bridge strengthening	475	475	475	475	475	2,375	4,750
Byways	95	95	95	95	95	0	475
Country park capital investment programme	2,232	0	0	0	0	0	2,232
Future road building/Enhancements across the Borough	17,591	20,114	33,544	24,836	22,715	1,019	119,819
Greenways	1,000	1,000	1,000	950	950	4,750	9,650
Highway drainage schemes	190	190	190	190	190	950	1,900
Highway infrastructure flood alleviation schemes	1,085	1,900	0	0	0	0	2,985
Highways carriageways structural maintenance	2,280	2,280	2,280	2,280	2,280	11,400	22,800
Highways footway structural maintenance/investment programme	95	95	95	95	95	6,175	6,650
Improvements Library service	450	0	0	0	0	0	450
Integrated transport schemes	464	380	380	380	380	1,900	3,884
Land acquisition for major road schemes	2,215	0	0	0	0	0	2,215
LED streetlight replacement programme	2,699	90	0	0	0	0	2,789
Matthews Green School/Community Centre	566	157	0	0	0	0	723
Park and ride schemes	700	0	0	1,154	0	0	1,854
Provision and installation of air quality monitoring equipment	10	0	0	0	0	0	10
Public rights of way network	50	250	50	250	48	333	981
Public transport network	0	942	1,200	952	808	3,573	7,475
Ryeish Green sports hub	2,247	0	0	0	0	0	2,247
Safe route to Arborfield school	214	0	0	0	0	0	214
Safety/crash barriers	404	713	713	713	713	2,850	6,106
Southlake dam crest repair	10	10	0	0	0	0	20
Sports provision across the borough - (excludes Bulmershe leisure centre)	0	0	40	3,445	2,978	0	6,463
Street lighting column structural testing	38	38	38	38	38	190	380
Strengthening approach embankments to bridges	19	19	1,425	903	903	95	3,364
Super fast broadband	301	0	0	0	0	0	301
Town centre improvements	2,005	0	0	0	0	0	2,005
Traffic signal upgrade programme	238	238	238	238	238	1,188	2,378
Waste schemes - purchase of brown bins, paper sacks and recycling boxes	85	85	85	85	85	423	848
Wokingham borough cycle network	1,787	950	950	950	950	4,750	10,337
Total Environment	39,742	30,219	44,130	38,311	33,941	41,971	228,314

10-YEAR CAPITAL VISION

SCHEME

The schemes below include 16/17 schemes re-profiled

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 to 2026/27 £'000	Total £'000
Finance & Resources							
Affordable housing future schemes	13,335	4,557	11,087	20,175	0	0	49,154
Central contingency reserve	2,039	2,012	3,154	3,597	3,082	8,292	22,176
Commercial portfolio - improvement to industrial units	143	143	143	143	143	713	1,428
Laptop refresh	0	0	0	333	0	0	333
Network hardware replacement	0	0	95	95	95	475	760
Property maintenance and compliance	333	333	333	333	333	1,663	3,328
Repayment of forward funded schemes loans	0	1,946	4,189	597	3,594	29,672	39,998
Support services energy reduction schemes	85	213	255	255	255	1,275	2,338
The 21st Century Council	1,577	0	0	0	0	0	1,577
Total Finance & Resources	17,512	9,204	19,256	25,526	7,501	42,089	121,092
Health& Wellbeing incl Housing							
Aborfield Leisure	1,500	0	0	0	0	0	1,500
Bulmershe sports centre	5,336	4,664	0	0	0	0	10,000
Bungalows for people with profound multiple disabilities	10	760	0	0	0	0	770
Carnival pool.	0	0	5,336	4,664	0	0	10,000
Connected care	95	95	95	95	95	380	855
Day services for adults with physical disability	0	1,129	0	0	0	0	1,129
H&W urgent maintenance & refurbishment	95	95	95	95	95	475	950
HRA - Tape Lane	1,774	0	0	0	0	0	1,774
Investment in the council's housing stock (inc. adaptations/estate improvements)	4,100	4,100	4,100	4,100	4,100	20,500	41,000
Investment in Wokingham Housing Loan	17,640	6,000	7,590	6,000	6,000	30,000	73,230
Mandatory disabled facility grants	732	600	600	600	600	3,000	6,132
Nursing home	1,500	3,500	3,200	0	0	0	8,200
Provision of new swimming pool in Arborfield	0	0	0	3,800	2,850	0	6,650
Purchase of council houses HRA	3,200	1,800	4,000	3,200	2,500	12,500	27,200
Suffolk Lodge upgrade	111	0	0	0	0	0	111
Total Health & Wellbeing incl Housing	36,093	22,743	25,016	22,554	16,240	66,855	189,502
Total council services budget	152,849	92,293	128,971	106,735	61,018	168,577	710,445

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TITLE	Treasury Management Strategy 2017/18
FOR CONSIDERATION BY	Council on 23 February 2017
WARD	None specific
DIRECTOR	Graham Ebers, Director of Corporate Services
LEAD MEMBER	Anthony Pollock, Executive Member for Economic Development and Finance

OUTCOME / BENEFITS TO THE COMMUNITY

Effective and safe use of our resources to deliver service improvements and service continuity through the management of the council's cash flow and investments while funding the capital programme.

RECOMMENDATION

That the Council are recommended to approve the following:

- 1) Capital Prudential indicators, 2017/18;
- 2) Borrowing Strategy 2017/18;
- 3) Annual Investment Strategy 2017/18;
- 4) Flexible use of capital receipts strategy;
- 5) Minimum Revenue Provision Policy; and
- 6) Treasury Indicators: limits to borrowing activity 2017/18.

SUMMARY OF REPORT

This report outlines the expected treasury activity for the forthcoming year and includes prudential indicators relating specifically to Treasury Management for the next three years. Further reports are produced; a mid-year monitoring report and an outturn report after the year-end on actual activity. A key requirement of this report is to explain both the risks and the management of the risks associated with the treasury service. This strategy covers:

- The Council's debt and investment projections;
- The expected movement in interest rates;
- The Council's borrowing strategy;
- The Council's investment strategy;
- Treasury Management prudential indicators and limits on activity;
- Local Treasury issues
- A minimum revenue provision (MRP) policy. This represents the principal element of outstanding loans which must be charged to revenue each year.
- Flexible use of capital receipts strategy – As part of the Local government settlement 2016/17 the use of capital receipts on revenue items was relaxed for savings generating projects. This comprises which if any the revenue projects will use to capital receipts as funding.

The report also gives an overview of the UK and world economic outlook

Background

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans or using longer term cash flow surpluses. On occasion, debt previously drawn may be restructured to meet Council risk or cost objectives.

Analysis of Issues

External Debt

For 2017/18 external debt is estimated to increase by £53mk to £159.6m.

	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
General Fund	76,350*	132,448	164,436
Housing Revenue Account (HRA)	83,250	80,152	78,164
Total	159,600	212,600	242,600

Note* This includes private finance initiative debt

Although borrowing (internal & external) for the general fund is to increase by the following:

General fund borrowing	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000	Total
External borrowing				
Borrowing - In line with MRP	4,850	3,400	3,700	11,950
Borrowing - Forward Funded	13,901	7,145	25,358	46,404
Borrowing - Invest to Save	10,564	8,914	7,507	26,985
Borrowing – Wokingham Housing Limited (WHL)	17,640	6,000	7,590	31,230
Borrowing – Wokingham Town Regeneration (WTCR)	35,572	15,152	23,493	74,217
Total	82,527	40,611	67,648	190,786

This will be fully funded by the following resources :

	Total
Minimum Revenue Provision (MRP) Annual prescribed minimum repayment	(11,950)
Invest to save targets top sliced to fund borrowing	(26,985)
Developer contributions (CIL & S106)	(46,404)
WHL (Interest charge to Company)	(31,230)
WTCR (Income from Schemes)	(74,217)
Total	(190,786)

Capital Expenditure

For 2017/18 capital expenditure is estimated to increase by £54m from the 2016/17 estimated outturn to £152.8m

	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
Chief Executive	35,572	18,952	27,493
Children's Services	23,930	11,175	13,076
Environment	39,742	30,219	44,130
Finance & Resources	17,512	9,204	19,256
Health & Wellbeing	27,019	16,843	16,916
Sub Total	143,775	86,393	120,871
Housing Revenue Account (HRA)	9,074	5,900	8,100
Total	152,849	92,293	128,971

Investment forecast year end outturn

For 2017/18 the estimated returns on investments (external and internal companies) to increase from 2016/17 estimated outturn by £0.2m to £1.9m

	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
Investments	425	425	425
Internal companies	1,449	1,449	1,449
Total	1,874	1,874	1,874

Appendices

- Prudential and Treasury indicators Appendix B
- Interest rate forecasts 2017 – 2020 Appendix C
- Treasury Management Practice (TMP1)
Credit and Counterparty Risk Management Appendix D
- Approved Counter parties Appendix E
- Treasury management scheme of delegation Appendix F
- The treasury management role of the section 151 officer Appendix F
- Glossary of Terms Appendix G
- Reconciliation of borrowing (2017/18) Appendix H

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£152m Capital Expenditure £1.9m Return on Investments	Yes	Capital Revenue
Next Financial Year (Year 2)	£92.3m Capital Expenditure £1.9m Return on investments. Year 2 figures are Provisional and will be updated in future years.	Yes	Capital Revenue
Following Financial Year (Year 3)	£129m Capital Expenditure £1.9m Return on investments. Year 3 figures are Provisional and will be updated in future years.	Yes	

Other financial information relevant to the Recommendation/Decision

None

Cross-Council Implications

Budgets and strategies are clearly monitored and do not impact on other Council services and priorities

List of Background Papers
Appendix A – H

Contact Martin Jones	Service Finance & Resources
Telephone No 0118 9746877	Email martin.jones@wokingham.gov.uk
Date 13 February 2017	Version No. 3

WOKINGHAM BOROUGH COUNCIL



WOKINGHAM BOROUGH COUNCIL

Treasury Management Treasury Management Strategy Report 2017-18

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1. Introduction

This report presents the Council treasury strategy for 2017-18 in accordance with the Council's treasury management practices.

The Council is required to receive and approve three main reports each year, which incorporate a variety of policies, estimates and actuals. These are the Treasury Management Strategy (this report), the Treasury Management mid-year report and finally the Annual outturn Treasury report:

Treasury management strategy:

The first and most important report covers:

- The Treasury management strategy ***-How the investments and borrowings are to be organised*** including Treasury indicators
- An investment strategy ***-The criteria on how investments are to be managed and the limitations***
- The capital plans (including Prudential Indicators)
- A minimum revenue provision (MRP) policy ***-How outstanding borrowing in respect of capital expenditure is repaid by charges to revenue over time***

Treasury management mid-year report

This Report updates members with the progress of the capital position, amending prudential indicators as necessary, and confirming whether the Treasury strategy is being complied with or whether any policies require revision.

Annual Treasury report

This report, which is produced following the year-end provides details of a selection of actual Prudential and Treasury indicators and actual Treasury operations compared with the estimates within the strategy.

2. The Economy and Interest Rates forecast

The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling since early August. Consequently, Bank Rate was not cut again in November or December and, on current trends, it now appears unlikely that there will be another cut in the near future, although that cannot be completely ruled out if there was a significant dip downwards in economic growth. During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not

tentatively pencilled in, until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

PWLB rates and gilt yields have been experiencing exceptional levels of volatility that have been highly correlated to geo-political, sovereign debt crisis and emerging market developments. It is likely that these exceptional levels of volatility could continue to occur for the foreseeable future.

The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.

Apart from the above uncertainties, **downside risks to current forecasts** for UK gilt yields and PWLB rates currently include:

- Monetary policy action by the central banks of major economies reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some countries, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.
- Major national polls:
 - Italian constitutional referendum 4.12.16 resulted in a 'No' vote which led to the resignation of Prime Minister Renzi. This means that Italy needs to appoint a new government.
 - Spain has a minority government with only 137 seats out of 350 after already having had two inconclusive general elections in 2015 and 2016. This is potentially highly unstable.
 - Dutch general election 15.3.17;
 - French presidential election April/May 2017;
 - French National Assembly election June 2017;
 - German Federal election August – October 2017.
- A resurgence of the Eurozone sovereign debt crisis, with Greece being a particular problem, and stress arising from disagreement between EU

countries on free movement of people and how to handle a huge influx of immigrants and terrorist threats

- Weak capitalisation of some European banks, especially Italian.
- Geopolitical risks in Europe, the Middle East and Asia, causing a significant increase in safe haven flows.
- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.

The potential for **upside risks to current forecasts** for UK gilt yields and PWLB rates, especially for longer term PWLB rates, include: -

- UK inflation rising to significantly higher levels than in the wider EU and in the US, causing an increase in the inflation premium in gilt yields.
- A rise in US Treasury yields as a result of Fed. funds rate increases and rising inflation expectations in the USA, dragging UK gilt yields upwards.
- The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- A downward revision to the UK's sovereign credit rating undermining investor confidence in holding sovereign debt (gilts).

3. The Council's Capital Expenditure and Financing 2017/18

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- financed in year, immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need or;
- funded by borrowing (internal or external).

Capital Expenditure and funding

Table 1: Capital financing requirement: General Fund	2016/17 Estimated Outturn £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
Opening balance (estimated)	118,580	119,013	197,975	235,021
Capital expenditure funded by Borrowing	3,672	82,527	40,611	67,648
Sub Total	122,252	201,540	238,586	302,669
Less Minimum Revenue Provision				
MRP Charge	(3,024)	(3,350)	(3,350)	(3,350)
PFI Principal Charge	(215)	(215)	(215)	(215)
Sub Total	(3,239)	(3,565)	(3,565)	(3,565)
Closing Balance	119,013	197,975	235,021	299,104
Movement	433	78,962	37,046	64,083

Table 2: Capital financing requirement: HRA	2016/17 Estimated Outturn £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
Opening balance (estimated)	93,876	90,400	88,650	85,552
Capital expenditure funded by Borrowing	0	0	0	0
Sub Total	93,876	90,400	88,650	85,552
Less Minimum Revenue Provision				
MRP Charge/ Principle repayment	(3,476)	(1,750)	(3,098)	(1,988)
PFI Principal Charge	-	-	-	-
Sub Total	(3,476)	(1,750)	(3,098)	(1,988)
Closing Balance	90,400	88,650	85,552	83,564
Movement	(3,476)	(1,750)	(3,098)	(1,988)

The table above shows the Housing Revenue account (HRA) with no capital expenditure funded by borrowing. The capital expenditure of £9,074k is funded by the major repairs reserve and HRA revenue contribution.

Table 3: Capital financing requirement: General fund & HRA	2016/17 Estimated Outturn	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
---	--	-------------------------------------	-------------------------------------	-------------------------------------

£'000

Opening balance (estimated)	212,456	209,413	286,625	320,573
Capital expenditure funded by Borrowing	3,672	82,527	40,611	67,648
Sub Total	216,128	291,940	327,236	388,221
Less Minimum Revenue Provision				
MRP Charge/ Principle repayment	(6,500)	(5,100)	(6,448)	(5,338)
PFI Principal Charge	(215)	(215)	(215)	(215)
Sub Total	(6,715)	(5,315)	(6,663)	(5,553)
Closing Balance	209,413	286,625	320,573	382,668
Movement	(3,043)	77,212	33,948	62,095

The in-year increase in the borrowing requirement is due to a large increase in the capital programme for schemes such as the town centre regeneration and loans to group companies and will reduce again when capital receipts are recovered or loans repaid. It has also increased as a result of the forward funded schemes. These will decrease again as developer contributions are received.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. The Council does not borrow all of this money externally but uses some of its internal cash reserves to fund this expenditure. This is referred to as "internal borrowing". This means that the Council's capital financing requirement is higher than its external borrowing figures. External borrowing may be sourced from bodies such as the Public Works Loan Board [PWLb] or the money markets.

4. Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the Capital Financing Requirement (CFR) through a revenue charge (the minimum revenue provision - MRP), and it is also allowed to undertake additional voluntary payments (voluntary revenue provision - VRP). Department for Communities and Local Government (DCLG) regulations have been issued which require the full Council to approve a MRP Statement in advance of each financial year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

For capital expenditure incurred before 1 April 2008, the MRP policy will be:

- MRP will be based on the CFR (option 2);
- These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all borrowing (including PFI and finance leases) the MRP policy will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction).

This option provides for a reduction in the borrowing need over approximately the asset's life. There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

Repayments included in annual PFI or finance leases are applied as MRP

5. External borrowing and compliance with treasury limits and Prudential Indicators for debt

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators found in table 4. Further detail on each of these indicators is included in Appendix B.

Table 4: Prudential Indicator – Debt	2016/17 Estimated Outturn	2017/18 Budget	2018/19 Budget	2019/20 Budget
Authorised limit £,000	243,238	358,400	400,800	478,400
Gross external borrowing £,000	158,712	211,800	234,800	279,800
HRA debt limit £,000	90,400	102,000	102,000	102,000
HRA debt per dwelling £	35	35	34	33
Incremental impact of capital investment decisions on council tax £*	39.80	(3.44)	(3.95)	(4.80)
% of internal borrowing to CFR	24.21%	26.11%	26.76%	26.88%
Maturity structure of borrowing	See Appendix B			
Operational boundary for external debt £'000	205,200	301,000	336,700	401,900
Ratio of financing costs to net revenue stream*	2.90%	3.38%	3.43%	3.53%
Upper limits on interest rate exposure£,000	100	172	214	294

*Note: The large decrease from 16/17 to 17/18 is due to investments and savings created from the capital programme which are now being achieved in these years.

**Note: The increase from 2.9% in 2016/17 to 3.38% in 2017/18 is a full year effect of an £18,000k loan estimated to be taken out in March 2017.

6. External borrowing and compliance with treasury limits

Table 5, below, demonstrates the current and forecast for 2017/18 external borrowing.

Table 5: External Borrowing	2016/17 Estimated Outturn £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
Market	24,000	24,000	24,000	24,000
PWLB	125,482	178,570	202,200	247,200
Local Enterprise Partnership	630	630	0	0
Total borrowing	150,112	203,200	226,200	271,200

Included in the total borrowing is an estimated £18m loan to be taken out prior to 31 March 2018. This will be at a special rate of 40 bases points lower than the PWLB rate. (Local Enterprise Partnership Agreement).

In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (plus the estimates of any additional capital financing requirement for the current and next two financial years). This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs.

7. Compliance with treasury limits and prudential indicators for investments

The treasury management team ensure the cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return. The return on investments contributes to the Council's budget for both the general fund and housing revenue account.

Table 6, below, shows the counterparties where estimated cash deposits are for 2017/18 to 2019/20.

Table 6: Investment Type	2016/17 Estimated Outturn £'000	2017/18 Estimated Outturn £'000	2018/19 Estimated Outturn £'000	2019/20 Estimated Outturn £'000
Local Authorities	37,000	22,341	31,192	18,796
Fund Mangers	18,000	10,880	15,200	9,160
Internal Companies investments	15,150	13,150	14,300	16,550
Total	70,150	46,371	60,692	44,506

8.1 Investment policy

The Council's investment policy has regard to the DCLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, and then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.

Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only.

As with previous practice, ratings will not be the sole determinant of the quality of an institution and it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentrated risk.

The intention of the strategy is to provide security of investment and minimisation of risk.

Investment instruments identified for use in the financial year are listed in appendix D under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices.

8.2 Creditworthiness policy

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections ; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Director of Finance and Resources will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to those which determine which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

The minimum rating criteria uses the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the Council's criteria, the other does not, and then the institution will fall outside the lending criteria. Credit rating information is supplied by Capita Asset Services, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions. The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

- Banks 1 - good credit quality – the Council will only use banks which:
 - i. are UK banks; and/or
 - ii. are non-UK and domiciled in a country which has a minimum sovereign long term rating of AAA (in house team only)
 - iii and have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):
 - I. Short term – F1+ (Fitch), P-1 (Moody's), A-1+ (Standard and Poor's)
 - ii. Long term – AA (Fitch), Aa2 (Moody's) , AA (Standard and Poor's)

- Banks 2 – Part nationalised UK banks – . This bank can be included if it continues to be part nationalised or they meet the ratings in Banks 1 above.
- Banks 3 – The Council's own banker (Nat West) for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- Building societies. Subject to a minimum asset size of £5bn and meeting a minimum credit rating of A-.
- UK Government: including Money market funds – the Council and its Fund Managers will use AAA rated funds. The Director of Finance and Resources will keep under review the Money Market Funds used and will amend as necessary.
- Gilts and the Debt Management Account Deposit Facility (DMADF)
- Local authorities, parish councils etc.
- Supranational institutions – multilateral investment organisations such as the World Bank or European Investment Bank (sometimes used by the Fund Managers)
- In the event of an emergency, to allow an unlimited amount to be invested in the RBS Money Market Fund. This would be done in the event of an extreme IT failure of the Council's computer systems. This fund is an AAA rated investment and would be a less risky option than leaving the funds in the NatWest accounts.
- Group Limits – For each banking group the following limits will apply, dependent on the rating of the Parent Bank
 - i. AAA : £7m with a maximum average duration of 1 year
 - ii. AA- :£5m with a maximum average duration of 6 months

Use of additional information other than credit ratings. Additional requirements under the Code require the Council to supplement credit rating information. Whilst above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

8.3 Time and monetary limits applying to investments

The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

	Fitch Long term Rating	Moody's	Standard & Poors	Money Limit	Time Limit
Banks 1 higher quality	F1+/AAA	P-1Aaa	A-1+/AA-	£5m	364 days
Banks 1 medium quality	F1+/AA-	P-1Aa3	A-1+/AA-	£3m	364 days
Building Societies				£2m	6 Months
Debt Management Office Account (DMADF)	-	-	-	£20m	3 Months
Guaranteed Organisations	-	-	-	£2m	3 Months
Other Institution Limits (other local authorities, Money Market Funds, Gilts and Supranational investments)	-	-	-	£5m	364 days

8.4 Country limits

The Council has determined that it will only use approve counterparties from countries with a minimum sovereign credit rating of AAA. The exception will be the UK, which currently has an AA+ sovereign rating.

A Non UK counterparty will need to meet all above mentioned criteria in 4.2 & 4.3 and have a sovereign rating AAA as a minimum. Countries with a sovereign rating of AAA (based on lowest available rating @ Jan 2017) are shown in the table below:

	S&P	Moody's	Fitch
Australia	AAA	Aaa	AAA
Canada	AAA	Aaa	AAA
Denmark	AAA	Aaa	AAA
Germany	AAA	Aaa	AAA
Luxembourg	AAA	Aaa	AAA
Netherlands	AAA	Aaa	AAA
Norway	AAA	Aaa	AAA
Singapore	AAA	Aaa	AAA
Sweden	AAA	Aaa	AAA
Switzerland	AAA	Aaa	AAA

8.5 Investment strategy

Investment returns expectations. The Bank Rate is forecast to remain unchanged at 0.25% before starting to rise from quarter 4 of 2019/20. Bank Rate forecasts for financial year ends (March) are:

- 2016/17 0.25%
- 2017/18 0.25%
- 2018/19 0.25%
- 2019/20 0.50% (forecast rise from Q)

There are downside risks to these forecasts (i.e. start of increases in Bank Rate occurs later) if economic growth weakens. However, should the pace of growth quicken, there could be an upside risk.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next eight years are as follows:

- 2016/17 0.25%
- 2017/18 0.25%
- 2018/19 0.25%
- 2019/20 0.50%
- 2020/21 0.75%
- 2021/22 1.00%
- 2022/23 1.50%
- 2023/24 1.75%
- Later years 2.75%

Investment treasury indicator and limit

This is the amount invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

Principal sums invested > 364 Days	2016/17 Estimated £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
In house	0	0	0	0
Fund managers	10,000	10,000	10,000	10,000

Review of investment strategy

As part of continued improvement the treasury function will review the latest information and tools that are available to ensure the strength of the council's investment strategy. The council has adapted a risk adverse approach to investment following the collapse of Icelandic banks. This has resulted in a low level of investment returns. In general the safer the investment the lower the interest rate paid.

A review of the economic situation and the council approach to risk and returns is being undertaken to enable executive to consider it counterparty parameters.

8.6 Investment risk benchmarking

These benchmarks are simple guides to maximum risk, so they may be breached on occasion, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

Security - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- 0.01% historic risk of default when compared to the whole portfolio.

Liquidity – in respect of this area the Council seeks to maintain:

- Bank overdraft - £0.5m
- Liquid short term deposits of at least £5m available with a week's notice.
- Weighted average life benchmark is expected to be 0.25 years, with a maximum of 0.5 years.

Yield - local measures of yield benchmarks is:

- Investments – internal returns above the 7 day LIBID rate

8.7 External fund managers

It is the Council's policy to use external fund managers for part of its investment portfolio. The fund managers will use both specified and non-specified investment categories and are contractually committed to keep to the Council's investment strategy. The performance of each manager is reviewed at least quarterly by the Director of Finance and Resources.

9. Flexible use of Capital Receipts

Since December 2015, the Government has provided local authorities with the flexibility of utilising Capital Receipts for qualifying expenditure. This is to enable authorities to fund transformation and cost reduction programmes from capital receipts rather than revenue expenditure.

The guidance recommends that a strategy should be prepared that includes separate disclosure of the individual projects that will be funded or part funded through capital receipts flexibility and that the strategy is approved by full council.

10. Conclusion

The Director of Finance and Resources confirms that the treasury team will abide by the strategy set out within this document and will report to the Audit Committee December 2017 as part of the mid-year report, any breaches to limits and prudential indicators.

Prudential and treasury indicators forecast 2017-2020

General Fund

Table 1: Capital Expenditure and funding

	Year 1 2017/18 £'000	Year 2 2018/19 £'000	Year 3 2019/20 £'000
WBC Capital budget	152,849	92,293	128,971
Funded by			
Section 106/ Community infrastructure levy	44,448	32,146	37,468
Grants & Contributions	19,784	13,786	15,705
Reserves & Capital Receipts	6,090	5,750	8,150
Borrowing	82,527	40,611	67,648
Total	152,849	92,293	128,971

Table 2: Capital financing requirement: General Fund

	2016/17 Estimated Outturn £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
Opening balance (estimated)	118,580	119,013	197,975	235,021
Capital expenditure funded by Borrowing	3,672	82,527	40,611	67,648
Sub Total	122,252	201,540	238,586	302,669
Less Minimum Revenue Provision				
MRP Charge	(3,024)	(3,350)	(3,350)	(3,350)
PFI Principal Charge	(215)	(215)	(215)	(215)
Sub Total	(3,239)	(3,565)	(3,565)	(3,565)
Closing Balance	119,013	197,975	235,021	299,104
Movement	433	78,962	37,046	64,083

Table 3: % Ratio of financing costs to net revenue stream

	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
Financing Costs (including MRP & interest costs)	4,365	4,387	4,431
Divide By			
Net Revenue Stream	129,176	127,833	125,490
Ratio of Financing Costs to Net Revenue Stream	3.38%	3.43%	3.53%

The percentage of the revenue budget set aside each year to service debt financing costs is shown above.

Table 4: Incremental impact of capital investment decisions on council tax	2016/17 Estimated Outturn £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
Council tax - band D	N/A	(3.44)	(3.95)	(4.80)

HRA

Table 5: Capital financing requirement: HRA	2016/17 Estimated Outturn £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
Opening balance (estimated)	93,876	90,400	88,650	85,552
Capital expenditure funded by Borrowing	0	0	0	0
Sub Total	93,876	90,400	88,650	85,552
Less Minimum Revenue Provision				
MRP Charge/ Principle repayment	(3,476)	(1,750)	(3,098)	(1,988)
PFI Principal Charge	-	-	-	-
Sub Total	(3,476)	(1,750)	(3,098)	(1,988)
Closing Balance	90,400	88,650	85,552	83,564
Movement	(3,476)	(1,750)	(3,098)	(1,988)

Table 6: % Ratio of financing costs to net revenue stream	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
Financing Costs (including MRP & interest costs)	2,851	2,840	2,840
Divide By			
Net Revenue Stream	15,658	14,908	15,399
Ratio of Financing Costs to Net Revenue Stream	18.21%	19.05%	18.44%

The percentage of the revenue budget set aside each year to service debt financing costs.

Table 7: HRA debt per dwelling	2016/17 Estimated Outturn £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
HRA Debt	90,400	88,650	85,552	83,564
Number of dwellings	2,565	2,553	2,541	2,529
Debt per dwellings	35	35	34	33

General Fund & HRA

Table 8: Capital financing requirement: General fund & HRA	2016/17 Estimated Outturn £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
Opening balance (estimated)	212,456	209,413	286,625	320,573
Capital expenditure funded by Borrowing	3,672	82,527	40,611	67,648
Sub Total	216,128	291,940	327,236	388,221
Less Minimum Revenue Provision				
MRP Charge/ Principle repayment	(6,500)	(5,100)	(6,448)	(5,338)
PFI Principal Charge	(215)	(215)	(215)	(215)
Sub Total	(6,715)	(5,315)	(6,663)	(5,553)
Closing Balance	209,413	286,625	320,573	382,668
Movement	(3,043)	77,212	33,948	62,095

Table 9: Internal Borrowing	2016/17 Estimated Outturn £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
CFR (Year end position)	209,413	286,625	320,573	382,668
Less External borrowing	150,112	203,200	226,200	271,200
Less other long term liabilities	8,600	8,600	8,600	8,600
Internal borrowing	50,701	74,825	85,773	102,868
Movement	(19,901)	24,124	10,948	17,095
% of internal borrowing to CFR	24.21%	26.11%	25.83%	26.88%

Note:* This will be reviewed on a regular basis to make sure we are getting best value for money. The Council is currently using its own cash flow (as rates of return are low), if rates start to increase a new external loan may need to be taken out.

Table: 10 Limits on interest rate exposure

	2016/17 Estimated Outturn £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
Fixed Rates				
Principal sums outstanding in respect of borrowing at fixed rates	125,842	251,500	293,800	373,900
Principal sums outstanding in respect of investments that are fixed rate investments	(58,150)	(80,000)	(80,000)	(80,000)
Upper Limit	67,692	171,500	213,800	293,900
Variable Rate				
Principal sums outstanding in respect of borrowing at variable rates	24,000	40,000	40,000	40,000
Principal sums outstanding in respect of investments that are variable rate investments	(12,000)	(40,000)	(40,000)	(40,000)
Upper Limit	12,000	0	0	0

Table 11 : Investment Type

	2016/17 Estimated Year end Balances £'000	2017/18 Estimated Year end Balances £'000	2018/19 Estimated Year end Balances £'000	2019/20 Estimated Year end Balances £'000
Local Authorities	37,000	22,341	31,192	18,796
Fund Mangers	18,000	10,880	15,200	9,160
Internal Companies investments	15,150	13,150	14,300	16,550
Total	70,150	46,371	60,692	44,506

Table: 12 Interest Received from investments

	2016/17 Estimated Outturn £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
HRA Internal loan from The General fund	(399)	(399)	(399)	(399)
Wokingham Housing	(933)	(1,050)	(1,050)	(1,050)
External investments	(295)	(425)	(425)	(425)
	(1,627)	(1,874)	(1,874)	(1,874)

Table 13: Maturity structure of fixed interest rate borrowing 2016/17 as at 31-03-2017

Under 12 months	4%
1 to 2 years	3%
3 to 5 years	17%
6 to 10 years	10%
10 years and above	66%

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Capita Services Interest rate review

Capita Asset Services Interest Rate View													
	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank Rate View	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
3 Month LIBID	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%
6 Month LIBID	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%
12 Month LIBID	0.70%	0.70%	0.70%	0.70%	0.70%	0.80%	0.80%	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%
5yr PWLB Rate	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB Rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB Rate	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB Rate	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%
Bank Rate													
Capita Asset Services	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
Capital Economics	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%
5yr PWLB Rate													
Capita Asset Services	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
Capital Economics	1.60%	1.70%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.70%	2.80%	2.90%	3.00%
10yr PWLB Rate													
Capita Asset Services	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
Capital Economics	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	3.10%	3.20%	3.30%	3.40%
25yr PWLB Rate													
Capita Asset Services	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
Capital Economics	2.95%	3.05%	3.05%	3.15%	3.25%	3.25%	3.35%	3.45%	3.55%	3.65%	3.75%	3.95%	4.05%
50yr PWLB Rate													
Capita Asset Services	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%
Capital Economics	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.60%	3.70%	3.80%	3.90%

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Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

SPECIFIED INVESTMENTS:

These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is very low. These would include sterling investments with:

- The UK Government (such as the Debt Management Office, UK Treasury Bills or a gilt with less than one year to maturity).
- Supranational bonds with less than one year to maturity.
- A local authority, parish council or community council.
- Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. This covers a money market fund rated AAA by Standard and Poor's, Moody's or Fitch rating agencies
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society) this covers bodies with a minimum short term rating of F1+ (or equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies.

NON-SPECIFIED INVESTMENTS:

Non-specified investments are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

a.	Supranational Bonds greater than 1 year to maturity (a) Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.). (b) A financial institution that is guaranteed by the United Kingdom Government (e.g. The Guaranteed Export Finance Company {GEFCO}) The security of interest and principal on maturity is on a par with the Government and so very secure, and these bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.
b.	Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.
c.	Building societies which are eligible to use the Bank of England's Credit

	Guarantee Scheme, subject to a minimum asset size of £5billion and meeting a minimum credit rating of A- (where rated). These investments will be restricted to a maximum period of 6 months and £2m per institution.
d.	NatWest Bank for the provision of Banking Services. The Council is limited to daylight exposure only (i.e. the flow of funds in and out during the day), with a maximum limit of 1 working day.
e.	A body which has been provided with a government issued guarantee for wholesale deposits within specific timeframes. Where these guarantees are in place and the government has a AAA sovereign long term rating these institutions will be included within the Council's criteria, temporarily until such time as the ratings improve or the guarantees are withdrawn. Monies will only be deposited within the timeframe of the guarantee. In addition to this, a maximum limit of £2m with a maximum duration of 3 months is also set.
f.	Eligible Institutions for the HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008, with the necessary ratings required. These institutions have been subject to suitability checks before inclusion and have access to HM Treasury liquidity if needed.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	* Minimum credit criteria / colour band	Money Limit	Max. maturity period
DMADF – UK Government	N/A	£20M	3 months
UK Government gilts	UK sovereign rating	£5m	1 year
UK Government Treasury bills	UK sovereign rating	£5m	1 year
Money market funds	AAA	£5m	Liquid
Local authorities	N/A	£5m	1 year

Term deposits with banks and building societies	AA	£5m	Liquid
CDs or corporate bonds with banks and building societies	AA	£5m	Liquid
Corporate bond funds	AA	£5m	3 Years

Accounting treatment of investments.

The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken

The monitoring of investment counterparties

The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Capita as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded after an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Corporate Services, and if required new counterparties which meet the criteria will be added to the list.

Use of external fund managers

It is the Council's policy to use external fund managers for part of its investment portfolio. The fund managers will use both specified and non-specified investment categories and are contractually committed to keep to the Council's investment strategy, which will be defined in an updated Treasury Management Strategy post fund manager's appointment. The performance of each manager is reviewed at least quarterly by the Director of Finance & Resources.

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Wokingham Borough Council's approved counter parties

Banks and Building Societys

Counterparties	Counter party type	Country	Individual Limit £'000
Australia and New Zealand Banking Group	Bank	Australia	3,000,000
Bank Nederlandse Gemeenten N.V.	Bank	Netherlands	3,000,000
Bank of Scotland	Bank	United Kingdom	3,000,000
Barclays Bank	Bank	United Kingdom	3,000,000
Commonwealth bank of Australia	Bank	Australia	3,000,000
DBS Bank Ltd	Bank	Singapore	3,000,000
DZ BANK AG Deutsche Zentral-Genossenschaftsbank S	Bank	Germany	3,000,000
European Investment bank	Bank	Luxxemborg	5,000,000
HSBC Bank PLC	Bank	United Kingdom	3,000,000
Landesbank Berlin AG	Bank	Germany	5,000,000
Landwirtschaftliche Rentenbank	Bank	Germany	3,000,000
Lloyds banking group	Bank	United Kingdom	3,000,000
National Australia Bank Limited	Bank	Australia	3,000,000
Nederlandse Waterschapsbank N.V.	Bank	Netherlands	5,000,000
Nordea Bank AB	Bank	Sweden	3,000,000
NRW Bank	Bank	Germany	3,000,000
Oversea-Chinese Banking Group	Bank	Singapore	3,000,000
Royal Bank of Canada	Bank	Canada	5,000,000
Svenska Handelsbanken	Bank	Sweden	3,000,000
Toronto-Dominon Bank	Bank	Canada	5,000,000
United Overseas Bank limited	Bank	Singapore	3,000,000
Westpac Banking Corporation	Bank	Australia	3,000,000
Coventry BS	Building Society	United Kingdom	2,000,000
Leeds BS	Building Society	United Kingdom	2,000,000
Nationwide BS	Building Society	United Kingdom	2,000,000
Yorkshire BS	Building Society	United Kingdom	2,000,000

Monkey Market

Counterparties	Counter party type	Country	Individual Limit £'000
Deutsche Global (Henderson)	Money Market Fund	Ireland	5,000,000
Goldman Sachs	Money Market Fund	United Kingdom	5,000,000
Goldman Sachs Govt	Money Market Fund	United Kingdom	5,000,000
Invesco	Money Market Fund	United Kingdom	5,000,000

Government Bodies & Local Authorities

Counterparties	Counter party type	Country	Individual Limit £'000
Debt Management Office (DMO)	Government	United Kingdom	20,000,000
Barnsley BC	Local Authority	United Kingdom	5,000,000
Birmingham CC	Local Authority	United Kingdom	5,000,000
Blackpool BC	Local Authority	United Kingdom	5,000,000
Blaenau Gwent County Borough Council	Local Authority	United Kingdom	5,000,000
Conwy County Borough Council	Local Authority	United Kingdom	5,000,000
Corby Borough Council	Local Authority	United Kingdom	5,000,000
Dudley MBC	Local Authority	United Kingdom	5,000,000
Dundee	Local Authority	United Kingdom	5,000,000
Eastleigh BC	Local Authority	United Kingdom	5,000,000
Edinburgh City Council	Local Authority	United Kingdom	5,000,000
Fife Council	Local Authority	United Kingdom	5,000,000
Glasgow City Council	Local Authority	United Kingdom	5,000,000
Greater Manchester Combined Authority	Local Authority	United Kingdom	5,000,000
Gwynedd Council	Local Authority	United Kingdom	5,000,000
Lancashire CC	Local Authority	United Kingdom	5,000,000
Leeds CC	Local Authority	United Kingdom	5,000,000
Lincolnshire County Council	Local Authority	United Kingdom	5,000,000
London Borough of Enfield	Local Authority	United Kingdom	5,000,000
Manchester City Council	Local Authority	United Kingdom	5,000,000
Middlesbrough BC	Local Authority	United Kingdom	5,000,000
Monmouthshire Council	Local Authority	United Kingdom	5,000,000
Newcastle CC	Local Authority	United Kingdom	5,000,000
North Ayrshire Council	Local Authority	United Kingdom	5,000,000
Rhondda Taff Council	Local Authority	United Kingdom	5,000,000
Royal Borough of Kensington	Local Authority	United Kingdom	5,000,000
Salford CC	Local Authority	United Kingdom	5,000,000
South Lanarkshire Council	Local Authority	United Kingdom	5,000,000
Stirling Council	Local Authority	United Kingdom	5,000,000
Suffolk County Council	Local Authority	United Kingdom	5,000,000
Wakefield Council	Local Authority	United Kingdom	5,000,000
West Dunbartonshire Council	Local Authority	United Kingdom	5,000,000
West Lothian Council	Local Authority	United Kingdom	5,000,000
Woking Borough Council	Local Authority	United Kingdom	5,000,000
Wolverhampton Council	Local Authority	United Kingdom	5,000,000

Note: The above list is off local authorities we have used in the past all the United Kingdom local authorities are available to use.

TREASURY MANAGEMENT SCHEME OF DELEGATION

- Audit and Executive recommend approval of treasury management strategy and policies to Council.
- Executive consider Budget and recommends its approval to Council
- Audit monitors treasury management decisions to ensure compliance with approved Treasury Management Strategy

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER**The S151 (responsible) officer**

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers

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Glossary of terms

Authorised Limit – Represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desirable, could be afforded in the short term, but is not sustainable in the longer term.

Boundary Limit – Is an estimate of the authorised limit but reflects an estimate of the most likely, prudent, but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements.

Capitalisation direction – This permits local authorities to fund expenditure by borrowing or capital receipts, which would under normal accounting rules, need to be funded from revenue resources.

CFR - Capital Financing Requirement- reflects the Council's underlying need to borrow for a capital purpose. It shows the total estimated capital expenditure that has not been resourced from capital or revenue sources. This requirement will eventually be met by revenue resources through the Minimum Revenue Provision mechanism.

CIPFA Prudential Code - is a professional code of practice to support local authorities in taking capital investment decisions. Local authorities determine their own programmes for capital investment in fixed assets that are central to the delivery of quality local public services in accordance with the Prudential Code.

Consumer price index (CPI) - measures changes in the price level of a market basket of consumer goods and services purchased by households.

Cost of carry - Costs incurred as a result of an investment position. These costs can include financial costs, such as the interest costs on borrowing in advance of the expenditure.

Department for Communities and Local Government (DCLG) - Is a ministerial department, supported by 12 agencies and public bodies. They are working to move decision-making power from central government to local councils. This helps put communities in charge of planning, increases accountability and helps citizens to see how their money is being spent.

ECB - European Central Bank.

FED - The Federal Reserve System (also known as the Federal Reserve, and informally as the Fed) is the central banking system of the United States.

Fair value - Is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at

an appropriate price, with no other motive in their negotiations other than to secure a fair price

Financing Cost to Net Revenue Stream-The percentage of the revenue budget set aside each year to service debt financing costs.

FLS - Funding for Lending Scheme (FLS) was launched by the Bank and HM Treasury on 13 July 2012. The FLS is designed to incentivise banks and building societies to boost their lending to the UK real economy.

Gilt - is a UK Government liability in sterling, issued by HM Treasury and listed on the London Stock exchange.

Gross domestic product (GDP) - is the market value of all officially recognized final goods and services produced within a country in a given period of time (usually the fiscal year).

Local enterprise partnerships - Are partnerships between local authorities and businesses. They decide what the priorities should be for investment in roads, buildings and facilities in the area.

London Interbank Bid Rate - the rate at which banks will bid to take deposits in Eurocurrency from each other. The deposits are for terms from overnight up to five years.

MPC - Monetary Policy Committee Interest rates are set by the Bank's Monetary Policy Committee. The MPC sets an interest rate it judges will enable the inflation target to be achieved.

MRP - Minimum Revenue Provision- Is a provision the council has set a method of revenue to repay loans arising from capital expenditure financed by Borrowing.

Private Finance Initiative (PFI) - This is funding public infrastructure projects with private capital.

PWLB - Public Works Loan Board

- is a statutory body operating within the Debt Management Office, an Executive Agency of HM Treasury.

PWLB certainty rate - A reduced interest rate from PWLB to principal local authorities, which provided required information to government on their plans for long-term borrowing and associated capital spending.

Quantitative easing (QE) -A government monetary policy occasionally used to increase the money supply by buying government securities or other securities from the market. Quantitative easing increases the money supply by flooding financial institutions with capital, in an effort to promote increased lending and liquidity.

Voluntary Revenue Provision (VRP) – This a discretionary provision to reduce the unfinanced capital expenditure (Borrowing) by additional loan repayments.

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Reconciliation of the Treasury strategy to capital strategy

Total Borrowing as per appendix B of the capital strategy	Total £'000	Year 1 2017/18 £'000	Year 2 2018/19 £'000	Year 3 2019/20 £'000
Borrowing (forward funding)	47,327	14,279	7,690	25,358
Borrowing (standard allocation)	11,950	4,850	3,400	3,700
Borrowing (Wokingham Housing)	31,230	17,640	6,000	7,590
Borrowing (Wokingham town centre regeneration)	74,217	35,572	15,152	23,493
Borrowing (Invest to Save)	26,062	10,186	8,369	7,507
Total	190,786	82,527	40,611	67,648

Break down of borrowing	Total £'000	Year 1 2017/18 £'000	Year 2 2018/19 £'000	Year 3 2019/20 £'000
Total Borrowing as per appendix B of the capital strategy	190,786	82,527	40,611	67,648
Funded by				
External borrowing (TMS 2017/18)	121,088	53,088	23,000	45,000
internal borrowing (TMS 2017/18)	52,167	24,124	10,948	17,095
Minimum Revenue Provision (TMS 2017/18)	17,531	5,315	6,663	5,553
Total	173,255	82,527	40,611	67,648

Repayment of additional borrowing (2017/18 onwards)

The additional borrowing of £190.8m over next three years is broken-down below:

Forward funding	25%
Standard allocation	6%
Wokingham Housing	16%
Wokingham town centre regeneration	39%
Invest to Save (including Leisure)	14%
Total	100%

This borrowing is to be funded by the following:

Minimum Revenue Provision (MRP) Annual prescribed minimum repayment	15%
Invest to save targets top sliced to fund borrowing	2%
Developer contributions (CIL & S106)	25%
WHL (Interest charge to Company & repayment of loans)	18%
WTCR (Income from Schemes & residential receipts)	39%
Leisure facilities increased income	1%
Total	100%

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TITLE	Medium Term Financial Plan (MTFP) 2017/20
FOR CONSIDERATION BY	Council on 23 February 2017
WARD	None specific
DIRECTOR	Graham Ebers, Director of Corporate Services
LEAD MEMBER	Anthony Pollock, Executive Member for Economic Development and Finance

OUTCOME/BENEFITS TO THE COMMUNITY

To ensure sound finances and value for money through setting a safe budget for the community in accordance with the Council's priorities.

RECOMMENDATION

Council is recommended to approve:

- 1) the Medium Term Financial Plan for 2017/20 including the revenue budget submission for 2017/18;
- 2) the Statutory Resolution that sets out the 2017/18 council tax levels. (Appendix A);
- 3) that in the event that there are any changes to the provisional precept of the Fire Authority, arising from their precept setting meeting being held on 27 February, the Director of Corporate Services is delegated authority to enact all relevant changes to the MTFP, Statutory Resolution and council tax levels.

SUMMARY OF REPORT

Members are presented with the Medium Term Financial Plan for 2017/20 including the proposed revenue budget submission for 2017/18. *(Due to the size of this document a copy has been circulated separately to all Members. A copy can also be obtained from the Council's website or on request from Democratic Services).*

Background

The Local Government Act 2003 requires the Chief Finance Officer (Director of Finance and Resources) to report to Members as part of the budget setting process. The report will highlight the key financial and service risks contained in the 2017/18 budget proposals. This will be presented to Council on 23 February 2017 as part of the MTFP.

Analysis of Issues

The Chief Financial Officer's report contains issues, risks and strategic considerations in respect of Revenue and Capital.

Corporate Implications

The Medium Term Financial Plan covers both the revenue and capital budgets required to deliver the priorities of the Council over the next three years.

The net revenue budget for 2017/18 is approximately £113m. The Council needs to set a balanced budget in the context of this. The budget requirements for 2018/19 and 2019/20 are also shown in the plan as indicative figures only.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	See below	Yes	Revenue and capital
Next Financial Year (Year 2)	See below	N/A	Revenue and capital
Following Financial Year (Year 3)	See below	N/A	Revenue and capital

Other financial information relevant to the Recommendation/Decision

The budget requirements for the General Fund, HRA, DSG, and Capital are set out in the MTFP.

Cross-Council Implications

The budget affects all services

List of Background Papers

Medium Term Financial Plan 2017/20

Contact Jonathan Ross	Service Finance and Resources
Telephone No 0118 974 6560	Email Jonathan.Ross@wokingham.gov.uk
Date 13 February 2017	Version No. 1

REVENUE BUDGET & STATUTORY RESOLUTION 2017/18

The Leader of the Council proposes the budget submission contained in the Medium Term Financial Plan and moves the following statutory resolution required to fix the Council Tax for each Band in each part of the Council's area in accordance with the decision on the level of Council Tax. The Localism Act 2011 has made significant changes to the Local Government Finance Act 1992, and now requires the billing authority to calculate a Council Tax requirement for the year, not its budget requirement as previously.

The Leader of the Liberal Democrat Group will make her budget speech and propose any amendments that she wishes to the budget proposals put forward by the Leader of the Council.

1. That it be noted that at its meeting on 26th January 2017 Special Council Executive calculated the following amounts for the year 2017/18 in accordance with regulations made under Section 31B of the Local Government Finance Act 1992, as amended by the Localism Act 2011 and the Local Government Finance Act 2012:-

- (a) 67,433.40 being the amount calculated by the Council, (Item T) in accordance with regulation 31B of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended by the Localism Act 2011 and the Local Government Finance Act 2012), as its council tax base for the year

- (b) Part of the Council's area.

Arborfield and Newland	1,263.4
Barkham	1,526.9
Charvil	1,409.3
Earley	11,755.9
Finchampstead	5,725.0
Remenham	321.9
Ruscombe	501.5
St. Nicholas Hurst	1,053.1
Shinfield	5,144.0
Sonning	808.3
Swallowfield	1,006.0
Twyford	2,994.5
Wargrave	2,098.3
Winnersh	3,897.1
Wokingham	14,685.2
Wokingham Without	3,109.9
Woodley	10,133.1
	<u>67,433.4</u>

being the amounts calculated by the Council, in accordance with regulation 6 of the Regulations, as the amounts of its council tax base for the year for dwellings in those parts of its area to which a parish precept relates.

2. Calculate that the Council Tax requirement for the Council's own purposes for 2017/18 (excluding Parish precepts) is £91,660,197. This includes £4,300,902 in respect of the Adult Social Care precept for 2017/18; this is based on a 3% increase on the 2016/17 council tax level and a 2% increase on the 2015/16 council tax level.

3. That the following amounts be now calculated by the Council for the year 2016/2017 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992, amended by the Localism Act 2011. However, the precepts shown below for the parishes of Arborfield, Earley and Winnersh are provisional and are subject to approval at the parishes annual precept meetings between February 14th and February 22nd 2017. The precept shown below for the Royal Berkshire Fire Authority is also provisional subject to approval at a meeting of the Fire Authority on 27 February 2017:-

- (a) £300,610,752 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2)(a) to (f) of the Act taking into account all precepts issued to it by parish councils
- (b) (£205,018,612) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3)(a) to (d) of the Act
- (c) £95,592,141 being the amount by which the aggregate at 3(a) above, exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its council tax requirement for the year (Item R)
- (d) £1,417.58 being the amount at 3(c) above (Item R), all divided by 1(a) above (Item T), calculated by the Council, in accordance with Section 31B of the Act, as the 'basic amount of its Council Tax for the year (including Parish precepts).
- (e) £3,931,863 being the aggregate amount of all special items (parish precepts) referred to in Section 34(1) of the Act (as per the table below).

	2017/18			2016/17			Council
	TAX	PARISH	PARISH	TAX	PARISH	PARISH	Tax
	BASE	PRECEPT	BAND D	BASE	PRECEPT	BAND D	Increase
		£	£		£	£	%
Arborfield and Newland	1,263.4	95,150	75.31	1,260.0	87,866	69.73	8.00
Barkham	1,526.9	46,342	30.35	1,440.6	42,342	29.39	3.26
Charvil	1,409.3	40,715	28.89	1,399.6	39,655	28.33	1.97
Earley	11,755.9	812,780	69.14	11,704.0	778,784	66.54	3.90
Finchampstead	5,725.0	126,944	22.17	5,665.3	123,848	21.86	1.43
Remenham	321.9	23,150	71.92	317.5	22,250	70.08	2.62

Ruscombe	501.5	10,266	20.47	497.9	10,266	20.62	(0.72)
St. Nicholas Hurst	1,053.1	30,000	28.49	1,044.2	25,035	23.98	18.82
Shinfield	5,144.0	341,047	66.30	4,780.7	316,950	66.30	0.00
Sonning	808.3	35,568	44.00	806.9	34,700	43.00	2.32
Swallowfield	1,006.0	19,308	19.19	995.1	19,108	19.20	(0.05)
Twyford	2,994.5	77,921	26.02	2,961.5	67,798	22.89	13.66
Wargrave	2,098.3	168,345	80.23	2,085.0	161,465	77.44	3.60
Winnersh	3,897.1	110,521	28.36	3,801.3	107,801	28.36	0.00
Wokingham	14,685.2	766,961	52.23	14,294.6	710,990	49.74	5.00
Wokingham Without	3,109.9	145,543	46.80	3,107.1	145,415	46.80	(0.00)
Woodley	10,133.1	1,081,303	106.71	9,840.1	1,039,607	105.65	1.00
Total / Average	67,433.4	3,931,863	58.31	66,001.4	3,733,880	56.57	3.07

- (f) £1,359.27 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by the amount at 1(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special items relates.

4. That it be noted that for the year 2017/2018 the Police and Crime Commissioner for the Thames Valley has issued a precept to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below. The Royal Berkshire Fire and Rescue Authority is due to approve its precept on 27th February 2017, and their provisional precept has been used based on the report going to their management committee on 14th February 2017.
5. That the Council in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2017/2018 for each part of its area and for each of the categories of dwellings.

SUMMARY OF COUNCIL TAX 2017/2018

Valuation Bands

	A	B	C	D	E	F	G	H
Wokingham Borough Council	906.18	1,057.21	1,208.24	1,359.27	1,661.33	1,963.39	2,265.45	2,718.54
Thames Valley Police Authority	113.52	132.44	151.36	170.28	208.12	245.96	283.80	340.56
Royal Berkshire Fire Authority	41.66	48.60	55.55	62.49	76.38	90.26	104.15	124.98

Aggregate of Council Tax Requirement for each parish and the borough for each part of the Council's area:-

Arborfield and Newland	956.39	1,115.79	1,275.18	1,434.58	1,753.38	2,072.17	2,390.97	2,869.17
Barkham	926.41	1,080.82	1,235.22	1,389.62	1,698.42	2,007.23	2,316.03	2,779.24
Charvil	925.44	1,079.68	1,233.92	1,388.16	1,696.64	2,005.12	2,313.60	2,776.32
Earley	952.27	1,110.98	1,269.70	1,428.41	1,745.83	2,063.26	2,380.68	2,856.82
Finchampstead	920.96	1,074.46	1,227.95	1,381.44	1,688.43	1,995.42	2,302.41	2,762.89
Remenham	954.12	1,113.15	1,272.17	1,431.19	1,749.23	2,067.27	2,385.31	2,862.37
Ruscombe	919.83	1,073.13	1,226.44	1,379.74	1,686.35	1,992.96	2,299.57	2,759.48
St. Nicholas Hurst	925.17	1,079.37	1,233.56	1,387.76	1,696.15	2,004.54	2,312.93	2,775.51
Shinfield	950.38	1,108.78	1,267.17	1,425.57	1,742.36	2,059.16	2,375.95	2,851.14
Sonning	935.52	1,091.43	1,247.35	1,403.27	1,715.11	2,026.95	2,338.79	2,806.55
Swallowfield	918.98	1,072.14	1,225.30	1,378.46	1,684.79	1,991.11	2,297.44	2,756.93
Twyford	923.53	1,077.45	1,231.37	1,385.29	1,693.13	2,000.98	2,308.82	2,770.58
Wargrave	959.67	1,119.61	1,279.55	1,439.50	1,759.39	2,079.28	2,399.17	2,879.00
Winnersh	925.09	1,079.27	1,233.45	1,387.63	1,695.99	2,004.35	2,312.72	2,775.26
Wokingham	941.00	1,097.83	1,254.66	1,411.50	1,725.16	2,038.83	2,352.49	2,822.99
Wokingham Without	937.38	1,093.61	1,249.84	1,406.07	1,718.53	2,030.99	2,343.45	2,812.14
Woodley	977.32	1,140.21	1,303.09	1,465.98	1,791.75	2,117.53	2,443.30	2,931.96

Aggregate of Council Tax Requirements for each part of the Council's area:-

Arborfield and Newland	1,111.57	1,296.83	1,482.09	1,667.35	2,037.88	2,408.40	2,778.92	3,334.71
Barkham	1,081.59	1,261.86	1,442.12	1,622.39	1,982.92	2,343.45	2,703.98	3,244.78
Charvil	1,080.62	1,260.72	1,440.83	1,620.93	1,981.14	2,341.34	2,701.55	3,241.86
Earley	1,107.45	1,292.03	1,476.60	1,661.18	2,030.33	2,399.48	2,768.63	3,322.36
Finchampstead	1,076.14	1,255.50	1,434.86	1,614.21	1,972.93	2,331.64	2,690.36	3,228.43
Remenham	1,109.30	1,294.19	1,479.07	1,663.96	2,033.72	2,403.49	2,773.26	3,327.91
Ruscombe	1,075.01	1,254.17	1,433.34	1,612.51	1,970.85	2,329.18	2,687.52	3,225.02
St. Nicholas Hurst	1,080.35	1,260.41	1,440.47	1,620.53	1,980.64	2,340.76	2,700.88	3,241.05
Shinfield	1,105.56	1,289.82	1,474.08	1,658.34	2,026.86	2,395.38	2,763.90	3,316.68
Sonning	1,090.70	1,272.48	1,454.26	1,636.04	1,999.61	2,363.17	2,726.74	3,272.09
Swallowfield	1,074.16	1,253.18	1,432.21	1,611.23	1,969.28	2,327.34	2,685.39	3,222.47
Twyford	1,078.71	1,258.49	1,438.28	1,618.06	1,977.63	2,337.20	2,696.77	3,236.12
Wargrave	1,114.85	1,300.65	1,486.46	1,672.27	2,043.88	2,415.50	2,787.12	3,344.54
Winnersh	1,080.27	1,260.31	1,440.36	1,620.40	1,980.49	2,340.58	2,700.67	3,240.80
Wokingham	1,096.18	1,278.87	1,461.57	1,644.27	2,009.66	2,375.05	2,740.44	3,288.53
Wokingham Without	1,092.56	1,274.65	1,456.75	1,638.84	2,003.03	2,367.21	2,731.40	3,277.68
Woodley	1,132.50	1,321.25	1,510.00	1,698.75	2,076.25	2,453.75	2,831.25	3,397.50

COUNCIL TAX BY BAND AND PARISH 2017/18

Band	A £	B £	C £	D £	E £	F £	G £	H £
Average Council Tax	1,100.23	1,283.60	1,466.98	1,650.35	2,017.09	2,383.84	2,750.58	3,300.69
WBC plus average Parish	945.052	1,102.560	1,260.069	1,417.577	1,732.595	2,047.612	2,362.629	2,835.155
Average Parish	38.87	45.35	51.83	58.31	71.26	84.22	97.18	116.61
Police Authority	113.520	132.440	151.360	170.280	208.120	245.960	283.800	340.560
Fire Authority	41.660	48.603	55.547	62.490	76.377	90.263	104.150	124.980
Adult social care precept	42.520	49.610	56.690	63.780	77.950	92.130	106.300	127.560
Wokingham Borough Council excluding ASC precept	863.660	1,007.600	1,151.550	1,295.490	1,583.380	1,871.260	2,159.150	2,590.980
Wokingham Borough Council total	906.180	1,057.210	1,208.240	1,359.270	1,661.330	1,963.390	2,265.450	2,718.540

Band	A £	B £	C £	D £	E £	F £	G £	H £
Parish Precepts								
Arborfield & Newland	50.21	58.58	66.94	75.31	92.05	108.78	125.52	150.63
Barkham	20.23	23.61	26.98	30.35	37.09	43.84	50.58	60.70
Charvil	19.26	22.47	25.68	28.89	35.31	41.73	48.15	57.78
Earley	46.09	53.77	61.46	69.14	84.50	99.87	115.23	138.28
Finchampstead	14.78	17.25	19.71	22.17	27.10	32.03	36.96	44.35
Remenham	47.94	55.94	63.93	71.92	87.90	103.88	119.86	143.83
Ruscombe	13.65	15.92	18.20	20.47	25.02	29.57	34.12	40.94
St. Nicholas Hurst	18.99	22.16	25.32	28.49	34.82	41.15	47.48	56.97
Shinfield	44.20	51.57	58.93	66.30	81.03	95.77	110.50	132.60
Sonning	29.34	34.22	39.11	44.00	53.78	63.56	73.34	88.01
Swallowfield	12.80	14.93	17.06	19.19	23.46	27.72	31.99	38.39
Twyford	17.35	20.24	23.13	26.02	31.80	37.59	43.37	52.04
Wargrave	53.49	62.40	71.31	80.23	98.06	115.89	133.72	160.46
Winnersh	18.91	22.06	25.21	28.36	34.66	40.96	47.27	56.72
Wokingham Town	34.82	40.62	46.42	52.23	63.83	75.44	87.04	104.45
Wokingham Without	31.20	36.40	41.60	46.80	57.20	67.60	78.00	93.60
Woodley	71.14	83.00	94.85	106.71	130.42	154.14	177.85	213.42

Band	A £	B £	C £	D £	E £	F £	G £	H £
Parish Precepts								
Band	A	B	C	D	E	F	G	H
Parish Precepts	£	£	£	£	£	£	£	£
Arborfield & Newland	1,111.57	1,296.83	1,482.09	1,667.35	2,037.88	2,408.40	2,778.92	3,334.71
Barkham	1,081.59	1,261.86	1,442.12	1,622.39	1,982.92	2,343.45	2,703.98	3,244.78
Charvil	1,080.62	1,260.72	1,440.83	1,620.93	1,981.14	2,341.34	2,701.55	3,241.86
Earley	1,107.45	1,292.03	1,476.60	1,661.18	2,030.33	2,399.48	2,768.63	3,322.36
Finchampstead	1,076.14	1,255.50	1,434.86	1,614.21	1,972.93	2,331.64	2,690.36	3,228.43
Remenham	1,109.30	1,294.19	1,479.07	1,663.96	2,033.72	2,403.49	2,773.26	3,327.91
Ruscombe	1,075.01	1,254.17	1,433.34	1,612.51	1,970.85	2,329.18	2,687.52	3,225.02
St. Nicholas Hurst	1,080.35	1,260.41	1,440.47	1,620.53	1,980.64	2,340.76	2,700.88	3,241.05
Shinfield	1,105.56	1,289.82	1,474.08	1,658.34	2,026.86	2,395.38	2,763.90	3,316.68
Sonning	1,090.70	1,272.48	1,454.26	1,636.04	1,999.61	2,363.17	2,726.74	3,272.09
Swallowfield	1,074.16	1,253.18	1,432.21	1,611.23	1,969.28	2,327.34	2,685.39	3,222.47
Twyford	1,078.71	1,258.49	1,438.28	1,618.06	1,977.63	2,337.20	2,696.77	3,236.12
Wargrave	1,114.85	1,300.65	1,486.46	1,672.27	2,043.88	2,415.50	2,787.12	3,344.54
Winnersh	1,080.27	1,260.31	1,440.36	1,620.40	1,980.49	2,340.58	2,700.67	3,240.80
Wokingham Town	1,096.18	1,278.87	1,461.57	1,644.27	2,009.66	2,375.05	2,740.44	3,288.53
Wokingham Without	1,092.56	1,274.65	1,456.75	1,638.84	2,003.03	2,367.21	2,731.40	3,277.68
Woodley	1,132.50	1,321.25	1,510.00	1,698.75	2,076.25	2,453.75	2,831.25	3,397.50
Weighted Average	38.87	45.35	51.83	58.31	71.26	84.22	97.18	116.61

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TITLE	Treasury Management Mid-Year Report 2016-17
FOR CONSIDERATION BY	Council on 26 January 2017
WARD	None specific
DIRECTOR	Graham Ebers, Director of Corporate Services
LEAD MEMBER	Anthony Pollock, Executive Member for Economic Development and Finance

OUTCOME / BENEFITS TO THE COMMUNITY

Effective and safe use of our resources to deliver service improvements and service continuity through capital investments.

RECOMMENDATION

Council is asked to:

- 1) approve the mid-year Treasury Management report for 2016/17;
- 2) note the actual 2016/17 prudential indicators within the report;

SUMMARY OF REPORT

This report summarises the Treasury Management operations during the first six months of 2016/17. It is presented for the purpose of monitoring and review, in accordance with Council's treasury management practices.

As at 30th September 2016 the Council is forecast to exceed its investment return budget by 12% and there has been no external loan taken out in the first six months. The Director of Finance and Resources confirms that as at 30th September 2016 there have been no breaches of the treasury strategy 2016/17.

Background

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans or using longer term cash flow surpluses. On occasion, any debt previously drawn may be restructured to meet Council risk or cost objectives.

Analysis of Issues

External Debt

In the first six months external debt did not increase as the Council took the opportunity to use internal funds and other sources to fund the capital programme. As at 30th September 2016 external debt was:

- General fund (Non- Housing Revenue Account): £46.6m
- Housing Revenue Account: £85.0m.

Capital Expenditure forecast year end outturn

As at 30th September 2016:

- General fund (Non- Housing Revenue Account) external debt: £84.6m
- Housing Revenue Account: £5.9m.

Investment forecast year end outturn

As at 30th September 2016:

- Returns on investments (external and internal companies): £1.6m

Appendices

The full Treasury Mid-Year report for 2016/17

Appendix A

The Council's Prudential indicators

Appendix B

The Council's Current Loan Portfolio

Appendix C

The Council's Current Investments as at 30th September 2016

Appendix D

A Glossary of Terms

Appendix E

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£150.2m External Loans £1.6m Return on Investments	Yes	Capital and Revenue
Next Financial Year (Year 2)	To be determined through the Medium term financial plan		Capital and Revenue
Following Financial Year (Year 3)	N/A		

Other financial information relevant to the Recommendation/Decision
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None

Cross-Council Implications

None

List of Background Papers

None

Contact Martin Jones	Service Finance & Resources
Telephone No 0118 9746877	Email martin.jones@wokingham.gov.uk
Date 13 February 2017	Version No. 2

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WOKINGHAM BOROUGH COUNCIL



WOKINGHAM BOROUGH COUNCIL

Treasury Management Mid-Year Treasury Management Report 2016-17

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3. The Council's Capital Expenditure and Financing 2016/17	4
4. The Council's Overall Borrowing Need	5
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Appendices

Prudential and Treasury indicators	Appendix B
Loan Portfolio	Appendix C
Investment Portfolio	Appendix D
Glossary of Terms	Appendix E

1. Introduction

This report presents the Council mid-year treasury position for 2016-17 in accordance with the Council treasury management practices.

It explains the current economic environment expectations for the near future. It then analyses the latest analysis of capital expenditure which is a key driver of treasury management, driving the borrowing requirement of the organisation. It then shows how the Council has financed its borrowing between internal and external borrowing and then how the Council has managed its short-term cash investments.

The Council's treasury management strategy is largely influenced by capital expenditure. Revenue expenditure is largely balanced with expenditure matching income, and short term borrowing and deposits. The large driver of the longer term treasury management strategy is therefore capital expenditure and financing.

There are two aspects of treasury performance – debt management and cash investment:

- debt management relates to the Council's borrowing;
- cash investment relates to the investment of surplus cash balances.

2. The Economy and Interest Rates forecast

The referendum vote on the EU referendum in June this year delivered an immediate shock fall in confidence indicators and business surveys, pointing to an impending sharp slowdown in the economy. However, subsequent surveys have shown a sharp recovery in confidence and business surveys, it is generally expected that although the economy will now avoid flat lining, growth will be weak through the end of 2016 and in 2017.

The Bank of England on August 4 addressed this expected slowdown in growth by a package of measures including a cut in Bank Rate from 0.50% to 0.25%. Capita Asset Services undertook a quarterly review of its interest rate forecasts after the MPC meeting of 4th August which cut the Bank Rate to 0.25% and gave forward guidance that it expected to cut the Bank Rate again to near zero before the year end. The bank of England in November's statement shifted to a "neutral" policy position, stating that central bank policy can respond "to either direction" as per changes in the economic outlook, removing its previous view that a rate cut was a possibility. The governor of the Bank of England (Mark Carney) has repeatedly stated that increases in the bank rate will be slow and gradual after they do start. The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently.

The Council's treasury advisor, Capita Asset Services, has provided forecasts for PWLB rates based on the certainty rate (minus 20 bps) which has been accessible to most local authorities since 1 November 2012, as shown in table 1, below.

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Bank Rate	0.25%	0.25%	0.25%	0.25%	0.10%	0.25%	0.25%	0.25%	0.25%
5yr PWLB rate	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%
10yr PWLB rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%
25yr PWLB rate	2.90%	2.90%	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%
50yr PWLB rate	2.70%	2.70%	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%

The November Inflation Report included an increase in the peak forecast for inflation from 2.3% to 2.7% during 2017. The MPC is expected to look through the acceleration in inflation caused by external, (outside of the UK), influences, although it has given a clear warning that if wage inflation were to rise significantly as a result of these cost pressures on consumers, then they would take action to raise the bank rate.

The new Chancellor Phillip Hammond announced in the Autumn Statement on November 23, that the target of achieving a budget surplus in 2020 will be eased after the referendum result.

3. The Council's Capital Expenditure and Financing 2016/17

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- financed in year, immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need or;
- funded by borrowing (internal or external).

The actual capital expenditure forms one of the required prudential indicators. During August 2016/17 the Council undertook an exercise to obtain more accurate forecasts of capital expenditure from budget managers. This provides the Council with a more realistic year end outturn giving the Council the opportunity to adjust its capital budget and related funding plans. Tables 2 and 3 below show the actual capital expenditure and the funding.

Table 2: General fund capital expenditure and financing	2016/17 Budget	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000	£'000
Capital expenditure			
Financed in year	57,747	48,467	33,685
Funded by borrowing (borrowing requirement)	73,103	56,611	50,945
Total	130,850	105,078	84,630

Table 3: HRA capital expenditure and financing	2016/17 Budget	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000	£'000
Capital expenditure			
Financed in year	9,827	9,991	5,909
Funded by borrowing (borrowing requirement)	0	0	0
Total	9,827	9,991	5,909

4. The Council's Overall Borrowing Need

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). It represents the 2016/17 capital expenditure financed by borrowing, and prior years' unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

The Council's general fund underlying borrowing need (CFR) is not allowed to rise indefinitely. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This ensures the general fund pays for the capital asset and is a proxy for depreciation. The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- an additional revenue contribution to the statutory minimum revenue provision (MRP) each year through a Voluntary Revenue Provision (VRP).

This differs from the treasury management arrangements which relates to cash transfers. External debt can be borrowed or repaid at any time, but this does not change the CFR.

The Council's CFR forecast for 2016/17 year end is shown below, and represents a key prudential indicator. It includes PFI and leasing schemes on the balance sheet, which increase the Council's borrowing need. However no borrowing is actually required against these schemes as a borrowing facility is included in the contract.

Table 4: Capital financing requirement: General Fund	2016/17 Budget £'000	2016/17 Quarter 1 Year end forecast £'000	2016/17 Quarter 2 Year end forecast £'000
Opening balance	113,308	118,580	118,580
Capital expenditure funded by Borrowing	73,103	56,611	50,946
Sub Total	186,411	175,191	169,526
Less Minimum Revenue Provision			
MRP Charge	(3,310)	(3,024)	(3,024)
PFI Principal Charge	(215)	(215)	(215)
Sub Total	(3,525)	(3,239)	(3,239)
Closing Balance	182,886	171,952	166,287
Movement	69,578	53,372	47,707

Table 5: Capital financing requirement: HRA

	2016/17 Budget £'000	2016/17 Quarter 1 Year end forecast £'000	2016/17 Quarter 2 Year end forecast £'000
Opening balance	93,876	93,876	93,876
Repayment of Loan Principle	(3,476)	(3,476)	(3,476)
Closing Balance	90,400	90,400	90,400

Table 6: Capital financing requirement: General fund and HRA

	2016/17 Budget £'000	2016/17 Quarter 1 Year end forecast £'000	2016/17 Quarter 2 Year end forecast £'000
Opening balance	207,184	212,456	212,456
Movements	66,102	49,896	44,231
Closing Balance	273,286	262,352	256,687

The in-year increase in the borrowing requirement is due to a large increase in the capital programme for schemes such as the town centre regeneration and loans to group companies and will reduce again when capital receipts are recovered or loans repaid. It has also increased as a result of the forward funded schemes. These will decrease again as developer contributions are received.

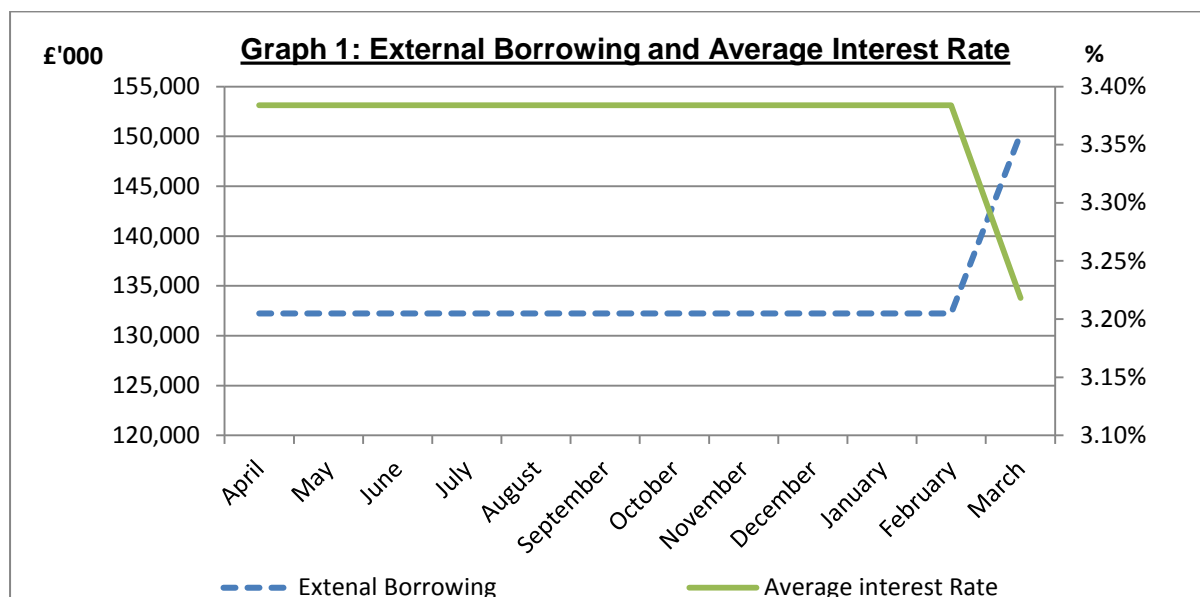
Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. The Council does not borrow all of this money externally but uses some of its internal cash reserves to fund this expenditure. This is referred to as "internal borrowing". This means that the Council's capital financing requirement is higher than its external borrowing figures. External borrowing may be sourced from bodies such as the Public Works Loan Board [PWLB] or the money markets.

5. External borrowing and compliance with treasury limits and prudential indicators

Table 7, below, demonstrates the current and forecast for 2016/17 external borrowing.

Table 7: External Borrowing	Actuals @ 30-09-16 £'000	Quarter 2 16/17 Year end forecast £'000
Market	24,000	24,000
PWLB	107,482	125,482
Local Enterprise Partnership	750	750
Total borrowing	132,232	150,232

Included in the total borrowing is an estimated £18m loan to be taken out prior to 31 March 2017. This will be at a special rate of 40 bases point lower than the PWLB rate. (Local Enterprise Partnership Agreement)



Graph 1 shows the £18m loan will increase the external borrowing to £150.2m. The loan however is likely to be at a significantly lower rate than our current loans. This will mean the average interest rate will drop to 3.2% from 3.39%

During the first six months of the 2016/17 financial year, the Council operated within the treasury limits as set out in treasury management strategy. The position for the treasury management prudential indicators is shown in table 8, below. These show that all prudential indicators have been complied with. Further detail on each of these indicators is included in Appendix B.

**Forecast year-end position
@ 30-09-16**

Table 8: Prudential Indicator – Debt

	Does gross borrowing exceed CFR?	Has the limit/boundary been broken
Gross external borrowing	NO	
Authorised limit		NO
Operational boundary for external debt		NO
HRA debt limit		NO
Maturity structure of borrowing		NO
Upper limits on interest rate exposure		NO
The percentage of financing costs set aside to service debt financing costs		NO

In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing

requirement in the preceding year (plus the estimates of any additional capital financing requirement for the current and next two financial years). This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs.

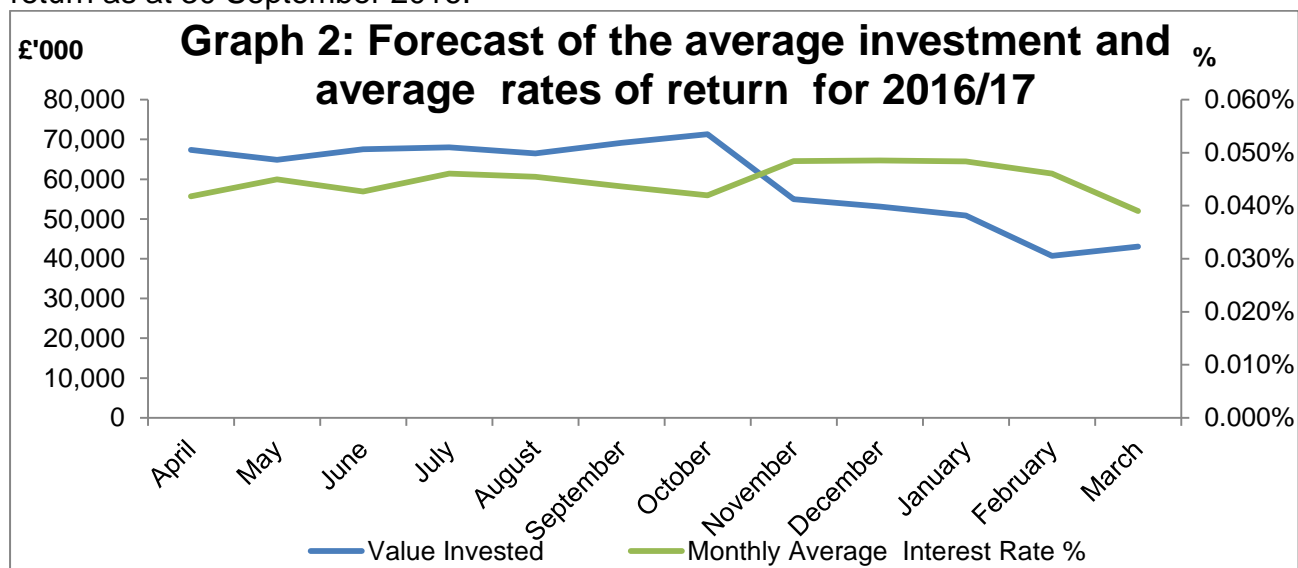
6. Compliance with treasury limits and prudential indicators for investments

The treasury management team ensure the cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return. The return on investments contributes to the Council's budget for both the general fund and housing revenue account.

Table 9, below, shows the counterparties where cash deposits are held. Further detail is available in appendix D.

Table 9: Investment Type	Actuals invested @ 31-03-16	Actuals invested @ 30-09-16 £'000
Money Market funds	0	0
Local Authorities	37,000	52,000
Fund Mangers	21,413	12,575
Internal Companies investments	12,128	15,961
Total	70,541	80,536

Graph 2 shows analysis of forecast of the average values invested and the rate of return as at 30 September 2016.



During the first six months of the 2016/17 financial year the Council operated within the treasury limits as set out in investment strategy. The position for the investment prudential indicators is shown in table 10 and full details are available in appendix B.

**Table 10: Prudential Indicator – Investment
Forecast year-end position @ 30-09-16**

**Has the
limit/boundary
been broken**

**Is the budget
forecast to
achieve at
year end**

Upper limits on interest rate exposure	NO	
Investment interest received		Yes

7. Conclusion

The Director of Finance and Resources confirms that the approved limits within the Annual Investment Strategy were not breached during the first 6 months of 2016/17 and that no difficulties are envisaged for the remaining 6 months in complying with the prudential indicators. The Council is operating in a stringent financial climate, but is still managing to deliver within budgeted interest levels.

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Prudential and treasury indicators as at 30th September 2016**General Fund**

Prudential Indicators Capital	2016/17 Budget	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000	£'000
Capital expenditure	130,850	105,077	84,630
Capital Financing Requirement (CFR)	182,886	171,952	166,287
Annual change in CFR	69,578	53,372	47,707
In year borrowing requirement	73,103	56,611	50,945

Prudential Indicators Borrowing	2016/17 Budget	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000	£'000
Ratio of financing costs to net revenue stream	3.8%	3.6%	3.4%

The percentage of the revenue budget set aside each year to service debt financing costs is shown above. The quarter two forecast is below budget as a result of favourable returns compared to budget.

This is calculated as follows: Financing cost Divide by Net revenue stream

As per budget 2016/17: £4,293 / £113,918 = 3.8%

HRA

Prudential Indicators Capital	2016/17 Budget	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000	£'000
Capital expenditure	9,827	9,991	5,909
Capital Financing Requirement (CFR)	90,400	90,400	90,400

Prudential Indicators Borrowing	2016/17 Budget	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000	£'000
Ratio of financing costs to net revenue stream	18.8%	18.6%	18.6%

The percentage of the revenue budget set aside each year to service debt financing costs.

This is calculated as follows: Financing cost Divide by Total income received

As per budget 2015/16: £2,851 / £15,164 = 18.8%

General Fund & HRA

Prudential Indicators - Capital Expenditure & CFR	2016/17 Budget	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000	£'000
Capital expenditure	140,677	115,069	90,539
Capital Financing Requirement (CFR)	273,286	262,352	256,687
Annual change in CFR	66,102	49,896	44,231
In year borrowing requirement	73,103	56,611	50,945

Upper limit -Debt Only	2016/17 Budget	Quarter 1 (Apr-Jun) Actual	Quarter 2 (Jul-Sep) Actual
	£'000	£'000	£'000
Fixed rate exposures	180,000	107,482	107,482
Variable rate exposures	40,000	24,000	24,000

Internal Borrowing	2016/17 Budget	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000	£'000
CFR (year-end position)	273,286	262,352	256,687
Less External Borrowing	(197,119)	(150,232)	(150,232)
Less Other long term liabilities	(10,000)	(10,000)	(10,000)
Internal Borrowing*	66,167	102,120	96,455
Movement	(5,499)	46,306	40,641
% of internal borrowing to CFR	24.21%	38.92%	37.58%

Note:* This will be reviewed on a regular basis to make sure we are getting best value for money. The Council is currently using its own cash flow (as rates of return are low), if rates start to increase a new external loan may need to be taken out.

Upper limit -Investments Only	2016/17 Budget	Quarter 1 (Apr-Jun) Actual	Quarter 2 (Jul-Sep) Actual
	£'000	£'000	£'000
Fixed rate exposures	(80,000)	(41,114)	(56,120)
Variable rate exposures	(40,000)	(12,432)	(12,432)

Upper limit for principal sums invested over 364 days	2016/17 Budget	Quarter 1 (Apr-Jun) Actual	Quarter 2 (Jul-Sep) Actual
	£'000	£'000	£'000
In house	0	0	0
Fund managers	10,000	0	0

Internal investments: interest Received	2016/17 Budget	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000	£'000
HRA Internal loan from The General fund	399	399	399
Wokingham Housing	0	320	503
Age Concern	0	3	3
	399	722	905

Internal investments:	Quarter 1 16/17 Year end forecast	Quarter 2 16/17 Year end forecast
	£'000	£'000
HRA Internal loan from The General fund	8,874	8,874
Wokingham Housing	8,095	13,562
Optalis	50	50
Wokingham Enterprise Ltd	75	75
Total	17,094	22,561

General Fund Loan portfolio @ 30th September 2016

PWLB/Market	Loan no	Principle £'000	Interest Rate %	Maturity Date
General fund				
PWLB - GF	485805	976	4.88	01/08/2022
PWLB - GF	488876	2,343	4.95	01/02/2034
PWLB - GF	491320	2,929	3.85	01/08/2051
PWLB - GF	491456	1,431	4.35	30/09/2046
PWLB - GF	491474	5,587	4.40	01/08/2052
PWLB - GF	493309	9,764	4.60	31/03/2054
Market - GF	3b	4,882	4.35	24/02/2077
Market - GF	2c	4,882	4.60	11/01/2077
Market - GF - KA Finanz	1c	4,882	4.88	06/02/2066
Market - GF	4	1,953	3.68	16/02/2066
Market - GF	5	4,882	3.73	19/10/2076
Market - GF	6	1,953	3.77	19/10/2076
Local Enterprise Partnership	A	120	0.00	01/12/2016
Local Enterprise Partnership	B	380	0.00	01/12/2017
Local Enterprise Partnership	C	250	0.00	01/12/2017
Total		47,214		

Housing Revenue Fund Loan portfolio @ 30th September 2016

PWLB/Market	Loan no	Principle £'000	Interest Rate %	Maturity date
Housing Revenue account				
PWLB - HRA	485805	24	4.88	01/08/2022
PWLB - HRA	488876	57	4.95	01/02/2034
PWLB - HRA	491320	71	3.85	01/08/2051
PWLB - HRA	491456	35	4.35	30/09/2046
PWLB - HRA	491474	135	4.40	01/08/2052
PWLB - HRA	493309	236	4.60	31/03/2054
PWLB - HRA	501033	1,750	1.50	28/03/2018
PWLB - HRA	501034	3,482	2.21	28/03/2021
PWLB - HRA	501035	8,516	3.30	28/03/2032
PWLB - HRA	501036	1,988	1.99	28/03/2020
PWLB - HRA	501037	7,231	3.26	28/03/2031
PWLB - HRA	501038	4,199	2.40	28/03/2022
PWLB - HRA	501039	6,378	3.15	28/03/2029
PWLB - HRA	501040	5,415	3.01	28/03/2027
PWLB - HRA	501041	3,476	1.24	28/03/2017
PWLB - HRA	501043	9,276	3.34	28/03/2033
PWLB - HRA	501044	1,000	3.37	28/03/2034
PWLB - HRA	501045	3,744	2.82	28/03/2025
PWLB - HRA	501046	5,981	3.08	28/03/2028
PWLB - HRA	501047	6,789	3.21	28/03/2030
PWLB - HRA	501048	3,971	2.92	28/03/2026
PWLB - HRA	501049	4,116	2.70	28/03/2024
PWLB - HRA	501050	3,484	2.56	28/03/2023
PWLB - HRA	501051	3,098	1.76	28/03/2019
Market - HRA	3b	118	4.35	24/02/2077
Market - HRA	2c	118	4.60	11/01/2077
Market - HRA - KA Finanz	1c	118	4.88	06/02/2066
Market - HRA	4	47	3.68	16/02/2066
Market - HRA	5	118	3.73	19/10/2076
Market - HRA	6	47	3.77	19/10/2076
WBC General Fund *		8,874	4.50	
Total		93,892		

* Note this is an internal loan from the general fund to the HRA and is not included in the total external loans.

Total external borrowing loans @ 30th September 2016

External Borrowing	Actuals @ 30-09-16	Quarter 2 16/17 Year end forecast
	£'000	£'000
Market	24,000	24,000
PWLB	107,482	125,482
Local Enterprise Partnership	750	750
Total borrowing	132,232	150,232

Note: Included in the total borrowing is an estimated loan £18m loan to be taken out prior to 31 March 2016. This will be at a special rate of 40 bases point lower than the PWLB rate. (Local Enterprise Partnership Agreement)

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Investment portfolio

Current Investment's @ 30/09/16

Institution	Amount £'000	Rate	Date Deal made	Maturity Date	Trade Date	Broker
Current lending						
Barnsley BC	2,000	0.55%	03/12/2015	03/11/2016	03/12/2015	Sterling
Birmingham CC	3,000	0.50%	22/01/2016	22/11/2016	22/01/2016	Tradition
Conwy County Borough Council	3,000	0.55%	10/12/2015	30/11/2016	10/12/2015	Tradition
Woking Borough Council	5,000	0.58%	16/02/2016	16/01/2017	05/04/2016	Tradition
Leeds BS	2,000	0.44%	26/07/2016	26/01/2017	01/08/2016	Tradition
West Dunbartonshire Council	5,000	0.55%	16/02/2016	14/02/2017	03/05/2016	Tradition
Salford CC	2,000	0.55%	06/05/2016	23/02/2017	23/05/2016	Sterling
Fife Council	5,000	0.60%	22/03/2016	21/03/2017	19/04/2016	Tradition
North Ayrshire Council	3,000	0.60%	04/04/2016	03/04/2017	11/04/2016	Tradition
Eastleigh BC	5,000	0.54%	09/06/2016	18/04/2017	15/07/2016	Tradition
Lancashire CC	5,000	0.58%	09/06/2016	04/05/2017	09/06/2016	Tradition
Blaenau Gwent County Borough Council	3,000	0.58%	24/05/2016	16/05/2017	16/06/2016	Tradition
Corby Borough Council	3,000	0.60%	16/06/2016	15/06/2017	04/07/2016	Tradition
Salford CC	3,000	0.35%	04/08/2016	26/06/2017	25/08/2016	Tradition
Glasgow City Council	3,000	0.32%	22/09/2016	27/03/2017	27/09/2016	Prebon
Total	52,000					
Money Market Funds						
Invesco	0	Variable	Call			
Goldman sachs Govt	0	Variable	Call			
Deutsche Global (Henderson)	0	Variable	Call			
Goldman sachs	0	Variable	Call			
Total	0					
Grand total	52,000					

	Mkt Value £'000	Interest Received £'000	Cumulative rate %
Fund Managers @ 30/09/16			
Royal London Asset Management (Rlam)	631	11	0.48%
Aberdeen Asset Management	11,943	20	0.04%
	12,574	30	

Internal investments:

**Actuals
invested
@ 30-09-16**

£'000

HRA Internal loan from The General fund	8,874
Wokingham Housing	6,962
Optalis	50
Wokingham Enterprise Ltd	75
Total	15,961

Glossary of terms

Authorised Limit – Represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desirable, could be afforded in the short term, but is not sustainable in the longer term.

Boundary Limit – Is an estimate of the authorised limit but reflects an estimate of the most likely, prudent, but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements.

Capital Financing Requirement (CFR) - reflects the Council's underlying need to borrow for a capital purpose. It shows the total estimated capital expenditure that has not been resourced from capital or revenue sources. This requirement will eventually be met by revenue resources through the Minimum Revenue Provision mechanism.

CIPFA Prudential Code - is a professional code of practice to support local authorities in taking capital investment decisions. Local authorities determine their own programmes for capital investment in fixed assets that are central to the delivery of quality local public services in accordance with the Prudential Code.

Consumer price index (CPI) - measures changes in the price level of a market basket of consumer goods and services purchased by households.

Department for Communities and Local Government (DCLG) - Is a ministerial department, supported by 11 agencies and public bodies. They are working to create great places to live and work, and to give more power to local people to shape what happens in their area.

European Central Bank (ECB) - The central bank for the euro and administers monetary policy of the eurozone, which consists of 19 EU member states and is one of the largest currency areas in the world.

Fair value - Is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price

FED - The Federal Reserve System (also known as the Federal Reserve, and informally as the Fed) is the central banking system of the United States.

Financing Cost to Net Revenue Stream-The percentage of the revenue budget set aside each year to service debt financing costs.

Funding for Lending Scheme (FLS) – was launched by the Bank and HM Treasury on 13 July 2012. The FLS is designed to incentivise banks and building societies to boost their lending to the UK real economy.

Gilt - is a UK Government liability in sterling, issued by HM Treasury and listed on the London Stock exchange.

Gross domestic product (GDP) - is the market value of all officially recognized final goods and services produced within a country in a given period of time (usually the fiscal year).

Local Authority Lender Option Borrower Option (LOBO) - The underlying loan facility is typically very long-term - for example 40 to 60 years - and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at pre-determined future dates, such as every 5 years.

Local enterprise partnerships - Are partnerships between local authorities and businesses. They decide what the priorities should be for investment in roads, buildings and facilities in the area.

London Interbank Bid Rate - the rate at which banks will bid to take deposits in Eurocurrency from each other. The deposits are for terms from overnight up to five years.

Monetary Policy Committee (MPC) - Interest rates are set by the Bank's Monetary Policy Committee. The MPC sets an interest rate it judges will enable the inflation target to be achieved.

Minimum Revenue Provision (MRP) - Is a provision the council has set-aside from revenue to repay loans arising from capital expenditure financed by Borrowing.

Private Finance Initiative (PFI) - This is funding public infrastructure projects with private capital.

Public Works Loan Board (PWLB) - is a statutory body operating within the Debt Management Office, an Executive Agency of HM Treasury.

PWLB certainty rate - A reduced interest rate from PWLB to principal local authorities, which provided required information to government on their plans for long-term borrowing and associated capital spending.

Quantitative easing (QE) - A government monetary policy occasionally used to increase the money supply by buying government securities or other securities from the market. Quantitative easing increases the money supply by flooding financial institutions with capital, in an effort to promote increased lending and liquidity.

Voluntary Revenue Provision (VRP) – This a discretionary provision to reduce the unfinanced capital expenditure (Borrowing) by additional loan repayments.

TITLE	Auditor Appointment 2018/19
FOR CONSIDERATION BY	Council on 23 February 2017
WARD	None specific
DIRECTOR	Graham Ebers, Director of Corporate Services

OUTCOME/BENEFITS TO THE COMMUNITY

To ensure sound finances and value for money through ensuring the authority's annual accounts are audited and proper governance arrangements are in place.

RECOMMENDATION

Council is asked to:

- 1) note that this report was presented to the Audit committee on 5 December 2016;
- 2) approve Option A, as recommended by the Audit Committee and as set out in the report, i.e. opting into the Public Sector Audit Appointment process.

SUMMARY OF REPORT

Members are presented with the pros and cons of the two options for appointing the Council's auditors for the five years commencing for the audit of the authority's 2018/19 annual accounts.

Background

High quality independent audit is key to public accountability, assuring taxpayers that their money has been well managed, and inspiring trust and confidence in the organisations responsible for managing public money.

The Council is currently audited by Ernst & Young under a contract let by the Audit Commission. Following the abolition of the Audit Commission, the Local Audit and Accountability Act 2014 implemented transitional arrangements which cover the period up to and including the audit of the accounts for 2017/18. These are managed by Public Sector Audit Appointments Ltd (PSAA), an independent not for profit company established by the Local Government Association (LGA).

Under the above act local government bodies need to appoint an auditor for the 2018/19 audits by 31 December 2017.

Summary of options

Option A

The Council would opt into Public Sector Audit Appointments process. The PSAA would then manage the procurement process, as well as maintaining quality standards and managing potential conflicts of interests. They would award contracts by 30 June 2017 and inform the Council of our appointed auditor.

Option B

If the Council does not opt into the PSAA process an independent auditor panel would need to be established either independently or in conjunction with other authorities (as specified in the local audit and accountability act 2014, section 4). The members of the panel must be wholly or a majority of independent members, a category which excludes current and former elected members (or officers) and their close families and friends. The makeup of the panel would mean that elected members would not have a majority input to the process of assessing bids and choosing which audit firm to award a contract for the Council's external audit. In addition to setting up the auditor panel the Council would also have to setup and manage the related tender process.

Analysis of Issues

The purpose of PSAAs is to procure high quality audit services at the most competitive rate achievable, and let contracts based on price, while maintaining a competitive audit environment. By appointing auditors at a larger scale, auditors will have to enter into fewer procurement processes which are costly and time-consuming for both parties. The use of PSAA should therefore allow audit firms to spend more time auditing and so enable them to reduce their contract cost. That said, there is no guarantee that PSAA will provide the authority with a cheaper price than contracting directly.

The number of firms eligible to undertake local public audit is regulated through the Financial Reporting Council and the Recognised Supervisory Bodies. Only appropriately accredited firms will be able to bid for appointments whether that is through PSAA or an auditor panel. Current indications are that ten firms are eligible to register to bid, all of which have a national presence. This means that a local audit panel would seek tenders from the same firms as PSAA, and local firms could not be invited to bid.

The scope of the audit will be specified nationally, as the National Audit Office (NAO) is responsible for writing the Code of Audit Practice (see background papers) which all firms appointed to carry out the Council's audit must follow. The ability of a local audit panel to tailor the audit is therefore significantly reduced. PSAA's audit contracts from 2018/19 will not cover certification work. The Department for Work and Pensions is developing its arrangements for housing benefit subsidy claim certification from 2018/19 on this basis. An independent panel could include such work within its audit scope, however as the arrangements for this work are still unknown they may not be achieving value for money by doing so, if local firms would be able to complete these. The Council currently procure local firms to carry out other certification work at a lower price than larger audit firms quoted at. The services that an auditor can provide to a client are the same, whatever the appointment method.

Although independent a local audit panel could still contain elected members. Use of the PSAA would be wholly independent of the council, running the tendering exercise, evaluating bids and appointing auditors. Independence is an important feature of audit appointments, and underpins strong corporate governance in the public sector.

If Wokingham decides to set up its own panel, it could do this either independently or with selected other local authorities. Although there have been previous discussions about a Berkshire wide panel, Slough has already opted into the PSAA and discussions with other authorities are not well developed. Setting up an auditor panel would likely be more complicated than opting into national arrangements, which could be done by via a report to full Council. Setting up the panel would also require a report to full Council, as well as sourcing and appointing people to the panel, and managing the administration.

In order to ensure good perceptions of the local authority it is important to be confident and clear of any variation from the trend of other organisations. In a recent LGA survey, more than 200 bodies expressed an interest in joining the PSAA scheme. In the two weeks since the invitation was first issued 28 authorities opted in, three of which are unitary authorities, including Slough Borough Council. Research into the work of other local authorities in this area suggests that most of these are planning to opt in to PSAA.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	Nil	Yes	Revenue
Next Financial Year (Year 2)	Nil	Yes	Revenue
Following Financial Year (Year 3)	Nil	Yes	Revenue

Other financial information relevant to the Recommendation/Decision

It is anticipated that fees in the future will be manageable within existing revenue budgets, although this is kept under review.

Cross-Council Implications

A good financial standing positively supports all services as they negotiate with suppliers

List of Background Papers

Links to relevant papers:

Local Audit and Accountability Act 2014

http://www.legislation.gov.uk/ukpga/2014/2/contents/enacted

National Audit Office Code of Audit Practice
--

https://www.nao.org.uk/code-audit-practice/

Contact Graham Ebers	Service Finance and Resources
Telephone No 0118 974 6557	Email Graham.Ebers@wokingham.gov.uk
Date 19 December 2016	Version No. 1

TITLE	Community Governance Review for Wokingham Town Council and Wokingham Without Parish Council
FOR CONSIDERATION BY	Council on 23 February 2017
WARDS	Emmbrook, Evendons ,Norreys, Wescott, Wokingham Without
LEAD OFFICER	Andrew Moulton, Head of Governance and Improvement Services

OUTCOME / BENEFITS TO THE COMMUNITY

The recommended actions will facilitate the implementation of effective and convenient local governance arrangements for residents within the South Wokingham Strategic Development Location (SDL).

RECOMMENDATION

That Council agree the following:

- 1) that no changes are implemented following the Community Governance Review (CGR) that was initiated in February 2016;
- 2) that the matters considered by the review should be reconsidered by a new CGR at a later date. It is recommended that this is after formal planning applications have been submitted for that part of the South Wokingham Strategic Development Location (SDL) that is currently within the Wokingham Without Parish.

SUMMARY OF REPORT

This report gives the recommendation of the Member Sub Group that has considered the responses received following the initiation of the CGR in February 2016.

Background

On the 18th of February 2016 the Council resolved that a CGR should be initiated. This followed a request from Wokingham Town Council (WTC) to modify the existing Town Council boundary to encompass the whole of the South Wokingham SDL, and an adjustment of the seats in Town Council Wards to reflect the population changes resulting from the new housing development. Details of the proposal were published in the Terms of Reference (TOR) which were approved by Council.

A formal consultation on the proposal commenced on the 22 February 2016, and ran until 31 May 2016,

Analysis of Issues

Whilst Wokingham Without Parish Council (WWPC) declined to formally respond to the consultation, there were several meetings including WBC Officers, WBC Members and WWPC representatives where their views were discussed. They also submitted a detailed analysis of what they considered to be potential concerns related to the proposal.

All consultation feedback received was considered by a Member Sub Group, including those views expressed by WWPC. The Sub Group met on the 28th of November 2016, and recommended that no changes are implemented as result of the current CGR. It was considered that whilst the principles behind the proposal remain valid, there are concerns around the timing of the review, and that the issue should be reconsidered at a later date.

The Group also noted views on future reviews, which are summarised below:

- It is still the Council's intention to resolve the future governance of the South Wokingham SDL before the majority of the new population is in place.
 - This will allow new residents to be clear about the governance arrangements in place; it does not preclude part of the SDL remaining within WWPC i.e. retention of the current boundary.
 - A future review will not be initiated until we have more details of the proposed development, i.e. until formal planning application(s) have been submitted.
- A Borough wide review of community governance arrangements may be initiated in the future. However, the current view is that issues related to SDL developments are more complex, and conducting separate reviews will allow proper focus on any issues.
- For any future CGRs, there will be a pre-review consultation with all interested parties before Terms of Reference are published.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	Yes	Revenue
Next Financial Year (Year 2)	£0	Yes	
Following Financial Year (Year 3)	£0	Yes	

Other financial information relevant to the Recommendation/Decision

None

Cross-Council Implications

None

List of Background Papers

The Local Government and Public Involvement in Health Act 2007
The LGBCE Guidance on Community Governance Reviews (March 2010)

Contact Des Robinson	Service Governance and Improvement
Telephone No 0118 908 8317	Email des.robinson@wokingham.gov.uk
Date 10 February 2017	Version No. 1

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TITLE	Changes to the Constitution
FOR CONSIDERATION BY	Council on 23 February 2017
WARD	None Specific
LEAD OFFICER	Andrew Moulton, Head of Governance and Improvement Services

OUTCOME / BENEFITS TO THE COMMUNITY

Reviewing the Council's Constitution on a regular basis ensures that it is relevant and fit for purpose.

RECOMMENDATION

That Council:

- 1) agree the following changes to the Constitution as recommended by the Constitution Review Working Group:
 - a) that Appendix A – Process for Appointing Independent Remuneration Panel Members be amended as follows:
"1. Advert placed on the website etc and in the local newspaper if appropriate."
 - b) that Rule 4.4.3.2d)iii) be amended as follows:
"To review, revise as necessary and recommend adoption of the Risk Management Policy and Strategy to Executive when changes occur."
 - c) that Rule 8.2.1 be amended as follows:
"8.2.1 Meetings of the Planning Committee"
The Planning Committee shall meet as scheduled in the Timetable of Meetings agreed by Council."
- 2) note the Terms of Reference of the Constitution Review Working Group.

SUMMARY OF REPORT

Chapter 1.1.4 of the Council's Constitution states that the Monitoring Officer will monitor and review the operation of the Constitution to ensure that its aims and principles are given full effect.

The report contains minor revisions to a number of areas in the Constitution which were agreed by the CRWG at their meeting on 11 January 2017. The report also includes an agreed Terms of Reference for the Working Group.

Background

SECTION 2 – COUNCILLORS

Appendix A – Process for Appointing Independent Remuneration Panel Members

1. The Appendix currently states that an advert must be placed in the local newspaper. It is not always cost effective to place an advert in the local newspaper as we have found that people tend to become aware of a vacancy by looking on the Council's website or finding out via the Council's Twitter or Facebook feeds. There are occasions, as now when we need to recruit a new Panel, when it would be cost effective to place an advert. It is therefore proposed to provide the flexibility required by amending Appendix A as follows:

*“1. Advert placed **on the website etc and** in the local newspaper **if appropriate.**”*

SECTION 4 – THE COUNCIL MEETING

2. A member of the public, who was under the impression that they could make a point of order at a recent Council meeting, felt that the Constitution was unclear on this matter. Rule 4.2.13.13 states that “a Member may raise a point of order at any time.” The member of the public had asked for consideration to be given to including wording in the Constitution that states that either points of order from the public can be made or whether they are expressively prohibited.

3. The CRWG considered this request and also whether it would be appropriate to include a paragraph in the Constitution setting out public speaking rights. Following discussion of the matter the CRWG felt that it was quite clear in the Constitution that only Members could raise a point of order and decided it was not necessary to include any wording around public speaking rights as there was a likelihood that this would cause further ambiguity.

Chapter 4.4 – Committees of the Council – Audit Committee

4. The Audit Committee considered the Risk Management Policy and Guidance, at its meeting held on 5 December 2016. At the meeting the Committee agreed that the CRWG be asked to consider amending its Terms of Reference so that the Committee and the Executive only have to review the Risk Management Policy and Strategy when changes occur.

5. The rationale for this change is that it will reduce the workload for both the Audit Committee and the Executive where there are no changes to review. The Audit Committee will still continue to have the opportunity to review and comment on the Corporate Risk Register at each meeting.

The following change is therefore proposed to Rule 4.4.3.2 d)iii):

*“To review, revise as necessary and recommend adoption of the Risk Management Policy and Strategy to Executive **when changes occur.**”*

SECTION 8 – REGULATORY AND OTHER COMMITTEES

Chapter 8.2 – Planning Committee Procedure Rules

6. The Planning Committee Procedure Rules currently state that “the Planning Committee shall meet every four weeks, as scheduled in the Timetable of Meetings, agreed by Council”. The Chairman of the Planning Committee and Planning Officers feel that it would be more efficient if Planning Committee meetings were held monthly. It is proposed that Planning Committee meetings will be held on the second Wednesday of each month which would also provide some consistency as interested parties, including Ward Members, Town and Parish Councils and developers would know exactly when forthcoming meetings were due to be held.

7. In order to provide flexibility if any further changes were made to the timings of Planning Committee meetings it is therefore proposed to amend the first sentence of Rule 8.2.1 as follows:

8.2.1 Meetings of the Planning Committee

“The Planning Committee shall meet as scheduled in the Timetable of Meetings agreed by Council.”

Terms of Reference of the CRWG

8. During a recent audit, relating to the Council’s Compliance to the Constitution, it was found that the CRWG’s roles and responsibilities were not clearly defined. The CRWG therefore considered and agreed the Terms of Reference which are attached at Appendix A.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0		
Next Financial Year (Year 2)	£0		
Following Financial Year (Year 3)	£0		

Other financial information relevant to the Recommendation/Decision

There are no financial implications arising from this report.

Cross-Council Implications

None

List of Background Papers
The Council's Constitution

Contact Anne Hunter	Service Governance and Improvement Services
Telephone No 0118 9746051	Email anne.hunter@wokingham.gov.uk
Date 24 January 2017	Version No. 1

CONSTITUTION REVIEW WORKING GROUP

Draft Terms of Reference

1. Purpose

The Constitution Review Working Group has been established by Council to review the Constitution and ensure that it is fit for purpose. It will undertake this role by:

- a) Reviewing areas in the Constitution to ensure that they are fit for purpose and put forward appropriate changes;
- b) Receiving requests to review certain areas of the Constitution;
- c) Considering changes proposed by Members, Officers and Committees;
- d) Recommending proposed changes to Council for approval.

2. Membership

The Constitution Review Working Group shall comprise of four members and will be politically balanced.

3. Appointment to the Constitution Review Working Group

Members will be appointed to the Constitution Review Working Group at the Annual Council Meeting.

4. Chairman and Vice Chairman

The Chairman and Vice Chairman of the Constitution Review Working Group will be appointed at the first meeting of the Municipal Year.

5. Voting

Any vote will be subject to a simple majority. In simple majority voting the Chairman will have a casting vote.

6. Quorum

The quorum of a meeting of the Constitution Review Working Group will be three.

7. Frequency of Meetings

The Constitution Review Working Group will meet as and when required.

All meetings will be held in private and dates and times of meetings will be agreed by the Working Group. Provided all members of the Working Group are in agreement minor

changes to the Constitution can be agreed via e-mail without the need to hold a formal meeting.

8. Minutes of Constitution Review Working Group Meetings

The Working Group shall agree the minutes at the next suitable meeting.

9. Administration of the Board

Agendas will be sent out five clear working days before the meeting and minutes will be provided seven clear working days after the meeting.

Wokingham Borough Council - Timetable 2017/18

2017/18	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
Mon	1								1				
Tues	2			1					2 EB				1
Weds	3			2			1 SAF		3				2
Thur	4	1 LD		3			2 LD/CON		4 LD	1 LD	1 LD		3 Elec
Fri	5	2		4	1		3	1	5	2	2		4
Sat	6	3	1	5	2		4	2	6	3	3		5
Sun	7	4	2	6	3	1	5	3	7	4	4	1	6
Mon	8 CON/LD	5 HOSC	3	7	4 CoSC	2	6 CoSC	4 AC	8	5	5	2	7
Tues	9	6 EB	4 EB	8	5 EB	3 EB	7 EB	5	9 S	6	6 EB	3	8 EB
Weds	10 PC	7 AC	5 SC	9 PC	6 AC	4	8 PC	6	10 PC	7 AC	7 HOSC	4	9 PC
Thur	11 HB/CON	8 L&A	6 LD	10 HWB	7 LD	5 LD	9	7 LD	11 HB/CON	8 HWB/CON	8 SC	5 HWB/CON	10 Mtrg
Fri	12	9	7	11	8	6	10	8	12	9	9	6	11
Sat	13	10	8	12	9	7	11	9	13	10	10	7	12
Sun	14	11	9	13	10	8	12	10	14	11	11	8	13
Mon	15 CON/LD	12 SACRE	10 HOSC	14	11 HOSC	9	13	11	15 CoSC	12	12 CoSC	9	14 CON/LD
Tues	16 Mtrg	13 SAF	11 S	15	12 ChSC	10	14 ChSC	12	16 CPB	13	13 CPB	10	15 Mtrg
Weds	17	14 PC	12 PC	16	13 PC	11 PC	15 HOSC	13 SF/PC	17	14 PC	14 PC	11 PC	16 SF
Thur	18 C	15 HWB/CON	13 HB/CON	17	14 HB/CON	12 HWB/CON	16 HB/CON	14 HWB/CON	18 SC	15 CON	15 HB/CON	12	17 HB/CON
Fri	19	16	14	18	15	13	17	15	19	16	16	13	18
Sat	20	17	15	19	16	14	18	16	20	17	17	14	19
Sun	21	18	16	20	17	15	19	17	21	18	18	15	20
Mon	22	19 CoSC	17 LD	21	18 LD	16	20 LD	18	22 HOSC	19 LD	19 LD	16	21 CON/LD
Tues	23 CPB	20 ChSC	18 CPB	22	19 L&A	17 SC	21 L&A	19	23 ChSC	20	20 ChSC	17	22
Weds	24 SF	21	19 SF	23	20 S	18 SF	22 S	20	24 SF	21 SF	21 L&A	18	23
Thur	25 E	22	20 C	24	21 C	19	23 C	21	25 E	22 E/C	22 C	19	24 C
Fri	26	23	21	25	22	20	24	22	26	23	23	20	25
Sat	27	24	22	26	23	21	25	23	27	24	24	21	26
Sun	28	25	23	27	24	22	26	24	28	25	25	22	27
Mon	29	26 Mtrg	24	28	25 Mtrg	23	27	25	29 SAF	26	26 Mtrg	23	28
Tues	30 S	27	25 Mtrg	29	26 CPB	24	28 CPB	26	30 EB	27 Mtrg	27 S	24	29 CPB
Weds	31	28	26	30	27	25 Mtrg	29 Mtrg	27	31 Mtrg	28	28 SF	25	30
Thur		29 E	27 E	31	28 E	26 E	30 E	28			29 E	26	31 E
Fri		30	28		29	27		29			30	27	
Sat			29		30	28		30			31	28	
Sun			30			29		31				29	
Mon			31			30						30	
Tues						31							

C = Council
E = Executive
EB = Executive Briefing


L&A = Licensing and Appeals
AC = Audit Committee
PC = Planning Committee

SAF = Schools Admission Forum
SF = Schools Forum
SACRE = Schools Advisory Council for Religious Education
CPB = Corporate Parenting Board
CON = Conservative Group Meeting
LD = Liberal Democrat Group Meeting

S = Overview and Scrutiny Management Committee
CoSC = Community and Corporate Overview and Scrutiny Committee
ChSC = Children's Services Overview and Scrutiny Committee
MTrg = Member Training Session

HOSC = Health Overview and Scrutiny Committee

SC = Standards Committee
JWB = Joint Waste Board
 = Bank Holidays

HWB = Health and Wellbeing Board
HB = HWB Briefing – not public
 = School Holidays

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