



## **WOKINGHAM BOROUGH COUNCIL**

A Meeting of the **EXECUTIVE** will be held in David Hicks 1 -  
Civic Offices, Shute End, Wokingham RG40 1BN on  
**THURSDAY 21 FEBRUARY 2019 AT 7.00 PM**

*Heather Thwaites*

Heather Thwaites  
Interim Chief Executive  
Published on 13 February 2019

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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

## MEMBERSHIP OF THE EXECUTIVE

Julian McGhee-Sumner	Leader of the Council
Pauline Jorgensen	Deputy Leader, Highways and Transport
Stuart Munro	Business, Economic Development and Strategic Planning
Pauline Helliard-Symons	Children's Services
John Halsall	Environment, Leisure and Libraries
Anthony Pollock	Finance, HR and Corporate Resources
Parry Batth	Health and Wellbeing, Adult Social Care and Housing
Simon Weeks	Planning and Enforcement
Philip Mirfin	Regeneration

ITEM NO.	WARD	SUBJECT	PAGE NO.
94.		<b>APOLOGIES</b> To receive any apologies for absence	
95.		<b>MINUTES OF PREVIOUS MEETING</b> To confirm the Minutes of the Executive Meeting held on 31 January 2019.	7 - 26
96.		<b>DECLARATION OF INTEREST</b> To receive any declarations of interest	
97.		<b>PUBLIC QUESTION TIME</b> 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 Executive  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 <a href="http://www.wokingham.gov.uk/publicquestions">www.wokingham.gov.uk/publicquestions</a>	
97.1	Emmbrook	Rachel Bishop-Firth has asked the Executive Member for Highways and Transport the following question:  <b>Question</b> The residents on Outfield Crescent are complaining that commuters parking at the entrances at either end of the Crescent are creating a hazard for other road users and pedestrians, particularly children, and could potentially block emergency vehicles. This hazard	

could be eliminated if the double yellow lines were extended further down the road. What steps do residents need to take to get this to happen?

97.2 None Specific

Christopher Neale has asked the Executive Member for Planning and Enforcement the following question:

**Question**

The Council has stated that it seeks to protect the integrity of the Green Belt. However, it is clear from the Judgment of HHJ Angela Morris, that has been upheld by the Court of Appeal (Criminal Division), that the Council has not acted with integrity towards Mr Scott and others. The Council has been adjudged to have acted in a way that was, "unjust and unfair and so offends the court's sense of justice that it must stay the proceedings...to protect the integrity of the criminal justice system (para.93)". It is hard to think of a more serious finding that the Court could have found. Why then, and as reported in the local press, has the Council dismissed out of hand the matter of an internal investigation into the conduct of the relevant Councillors and Officers whose actions gave rise to these findings? I therefore formally request that the Council must reconsider its position - if it is not prepared to do so then please justify fully why it is so dismissive of these findings, as Council Tax payers and people having dealings with the Council, particularly in respect of planning issues, need to be confident that they will be treated in a fair and just way in accordance with the rules of natural justice.

98.

**MEMBER QUESTION TIME**

To answer any member questions

A period of 20 minutes will be allowed for Members to ask questions submitted under Notice

Any questions not dealt with within the allotted time will be dealt with in a written reply

98.1 Winnersh

Rachelle Shepherd-DuBey has asked the Executive Member for Highways and Transport the following question:

**Question**

When will the Winnersh Relief Road Part 2 construction begin and when is it scheduled to be completed?

## **Matters for Consideration**

<b>99.</b>	None Specific	<b>HOUSING REVENUE ACCOUNT BUDGET 2019/20</b>	<b>27 - 42</b>
<b>100.</b>	None Specific	<b>CAPITAL PROGRAMME AND STRATEGY 2019/22</b>	<b>43 - 80</b>
<b>101.</b>	None Specific	<b>TREASURY MANAGEMENT STRATEGY 2019/22</b>	<b>81 - 124</b>
<b>102.</b>	None Specific	<b>MEDIUM TERM FINANCIAL PLAN 2019/22 REVENUE BUDGET SUBMISSION 2019/20</b>	<b>125 - 134</b>
<b>103.</b>	None Specific	<b>21ST CENTURY COUNCIL - UPDATE</b>	<b>135 - 140</b>
<b>104.</b>	None Specific	<b>STATEMENT OF COMMUNITY INVOLVEMENT</b>	<b>141 - 160</b>

A decision sheet will be available for inspection at the Council's offices (in Democratic Services and the General Office) and on the web site no later than two working days after the meeting.

### **CONTACT OFFICER**

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**MINUTES OF A MEETING OF  
THE EXECUTIVE  
HELD ON 31 JANUARY 2019 FROM 7.30 PM TO 8.45 PM**

**Committee Members Present**

Councillors: Julian McGhee-Sumner, Stuart Munro, John Halsall, Anthony Pollock, Parry Bath, Pauline Jorgensen, Simon Weeks and Philip Mirfin

**Other Councillors Present**

Rachel Burgess  
Gary Cowan  
Andy Croy  
Lindsay Ferris  
Clive Jones  
Angus Ross  
Chris Smith  
Shahid Younis  
Philip Houldsworth  
Malcolm Richards  
Imogen Shepherd-DuBey  
Rachelle Shepherd-DuBey

**78. APOLOGIES**

An apology for absence was submitted from Councillor Pauline Helliard-Symons.

Councillor Shahid Younis attended the meeting on behalf of Councillor Helliard-Symons. In accordance with legislation Councillor Younis could take part in any discussions but was not entitled to vote.

**79. MINUTES OF PREVIOUS MEETING**

The Minutes of the meeting of the Executive held on 29 November 2018 were confirmed as a correct record and signed by the Leader of Council.

**80. DECLARATION OF INTEREST**

Councillors Julian McGhee-Sumner and Stuart Munro declared personal interests in Agenda Item 84 Shareholders' Report by virtue of the fact that they were unpaid Non-Executive Directors of WBC Holdings Ltd. Councillors McGhee-Sumner and Munro remained in the meeting during discussions and voted on the matter.

Councillor Philip Mirfin declared a personal interest in Agenda Item 84 Shareholders' Report by virtue of the fact that he was an unpaid Non-Executive Director of Optalis Holdings Ltd. Councillor Mirfin remained in the meeting during discussions and voted on the matter.

Councillor Anthony Pollock declared a personal interest in Agenda Item 84 Shareholders' Report by virtue of the fact that he was a paid Non-Executive Director of Optalis Holdings Ltd. Councillor Pollock remained in the meeting during discussions and voted on the matter.

**81. PUBLIC QUESTION TIME**

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

**81.1 Paul Fishwick asked the Executive Member for Environment, Leisure and Libraries the following question:**

**Question**

**DEFRA Air quality grant 2018 to 2019**

Local authorities in England could apply for the air quality grant scheme 2018 to 2019; with applications needed to be submitted to Defra by midday on 30 November 2018. In particular, Defra were looking for applications on projects designed to support:

- local authorities to develop and/or implement measures to improve local air quality
- innovation through trialling of low cost sensors

The grant would be competitive and at least £3 million has been set aside to English local authorities that have one or more Air Quality Management Areas (AQMA's).

As Wokingham Borough Council had three designated AQMA's within its area, did it make a bid for this funding, and if so what for?

**Answer**

Yes we did make an application to DEFRA for the grant monies. This bid was focused on improving air quality through the Council's 'My Journey Programme' which aims to promote active and alternative sustainable transport to reduce vehicle emissions which are the biggest cause of our air quality problems

The grant would enable the Council to fund an Eco Travel Officer to target at least six schools in or surrounding the designated Air Quality Management Areas. The additional work would be delivered in conjunction with existing schools and road safety packages to deliver skills training and address wider barriers to active travel.

We expect to hear the outcome of the bid by February 2019.

**Supplementary question**

It is pleasing news that the Borough Council has made a bid for air quality grant funding. However it is disappointing that Wokingham Borough has failed to submit a bid until now for this funding because according to DEFRA records, since Wokingham Borough Council first declared an Air Quality Management Area on 28 September 2001, it hasn't made any bids at all for this funding and previous governments have had this funding available.

Air pollution in the UK kills approximately 45,000 people prematurely every year. My question to the Executive Member, related to air quality, asked on 28 September 2018 provided a negative answer as the Borough Council had failed to respond to the Government's consultation on the future of planned UK clean air strategy. A positive response this time is a small step forward but this Council is failing to tackle poor air quality for residents and therefore the health of this population.

What assurances can the Executive Member provide that reassures its residents of the Borough that the Council will take poor air quality seriously and take proper action on removing its current three AQMA's and prevent any new AQMA's being declared?



### **Supplementary answer**

It is a very detailed question so can I come back to you in writing.

### **81.2 Beth Rowland asked the Deputy Executive Member for Children's Services the following question:**

#### **Question**

Whilst I acknowledge that the Borough does not have enough spaces for SEND pupils, I am not satisfied that this extension meets the SEND needs that the Council currently has let alone builds in any growth for the future.

There is also a problem for Woodley and Whitegates' residents with it being a further encroachment on the SULV (Site of Urban Landscape Value) that exists between the towns of Woodley and Earley.

However schools are now seeing pupils with more special needs and disabilities than ever before with some needs that cannot currently be catered for within the Borough.

The budget for providing for these children is massively overspent every year reported as being in excess of £1 million currently much of this because 'out of Borough' provision is very expensive. It can be very upsetting for both pupils and parents when children are unable to live near to or at home.

When is this administration going to address the real problem and come up with a complete solution for our children with SEND that is cost effective?

#### **Answer**

As you know I am a Woodley resident myself and I am fully aware of the issues and concerns which this raises so I accept that the decision to expand the Addington School is a sensitive one to local residents. The Officers' report setting out the educational arguments is persuasive in our view since expanding will enable the education of 50 additional children within the Borough. The Officers' report on the proposed expansion was not a development control report but did refer to the planning application which will need to be resolved through the normal decision making process for all development control. I know the Lead Member of this area is well briefed on the issues as are the relevant Planning Officers who will need to advise on the proposed works in the normal way before the Planning Committee decides.

We are about to start a wide consultation on a new SEND strategy which I hope all Members will encourage a strong response. A key benefit of that proposed strategy will be to try and increase the provision for SEND children within the Borough; wherever we can.

#### **Supplementary question**

I think you will find that it is more than one or two residents Shahid it is a considerable number of residents of both Woodley and Whitegates' wards that back on to that SULV.

I am delighted, it makes my heart sing, to see that you are looking at a wider proposition for SEND pupils. As Chairman of Governors of two of our local primary schools we see more and more children with special needs; some which should not be in mainstream education. We cannot handle them but there is nowhere for them to go.

My question is please will you, as this is an absolutely non-political area, work together across all parties to make sure that we make the best provision in our Borough for the children not only in our Borough but if we have got spare places for children from elsewhere?

#### **Supplementary answer**

I can give you the assurance that yes we will. There is a consultation on SEND and we will expect a wider response from all Members.

#### **81.3 Jenny Lissaman asked the Deputy Executive Member for Children's Services the following question:**

##### **Question**

The building of Addington School and car park on a much loved local green space, part of a Site of Urban Landscape Value (SULV), was highly controversial at the time. In itself the decision involved reducing the boundary of the SULV and led directly to further reductions in the SULV with a government inspector allowing an intrusive development to the rear of Pitts Lane, Goals Soccer with its pavilion, parking, and intrusive bright lights, and the loss of a playing field to development on the other side of Woodlands Avenue. Given the sensitivity of the location it amazes me that you did not plan for the future and design for extra capacity to be built into the original School building (quoted by Heather Thwaites in Get Reading as being 'fit for the 21st Century') so that the current situation could have been avoided. As you did not do this how can you justify your action of putting yet another blot on the landscape by carving yet another chunk out of the SULV to facilitate your cheap and ill thought out choice of option 1B?

##### **Answer**

I think part of the question response I have already given to the previous question but just to correct you the existing proposed expansion of the Addington School, provided the Executive gives the go ahead, is within the same curtilage of the Addington School which it currently is at the moment. So if you look at the plan that is what it is. It is not taking any additional land from the SULV it is actually the same within the boundary. Also obviously 10 years' ago there was a demand but now obviously demand has been increasing by 5% since 2015 and the demand is increasing so therefore we have to make provisions for the future.

##### **Supplementary question**

I have looked at the plans and looked at the layout and it seems to me that part of the SULV was being taken to put car parking on. It is an area where trees have been grown and have been surviving for quite a long time. Maybe I am incorrect as it is quite a long report to read.

Are you saying that we have to watch our green space being further eaten away because our Council did not forward plan? Because it sold off the old Addington site and because it is not prepared to build a satellite school anywhere else because it is too difficult to manage and because of this incompetency we, the residents who rely on a bit of open green space for our pleasure, enjoyment and sanity have to watch you (this is addressed to the Executive Member) who live in leafy Wokingham Without systematically destroy it?

##### **Supplementary answer**

In the report it says as well that the extension is within the curtilage of the Addington School so again I will say that there is no additional land being taken. Again I have spoken

to the relevant people and that is my understanding. Again we can discuss that. But there is no intention to take anything further. Also think of the benefits as well that this is going to bring to the Addington School with the additional 50 spaces we are creating. It will have a positive impact on the children, it will have a positive impact on families as well, and will also be hugely beneficial for the tax payer as well.

**81.4 Mr Bates had asked the Executive Member for Health and Wellbeing, Adult Social Care and Housing the following question but as he was unable to attend the meeting the answer below was sent to him:**

**Question**

Why are the Regeneration Team stating that the (said houses) have Structural Defects, when there is no mention of this in the 2011-2017 Rand reports?

If this was the case, are the WBC not complying with Health and Safety Regs?

**Answer**

The homes on the Gorse Ride estate were built using the Ministry of Housing and Local Government Development Group (MOHLG) construction technique during the late sixties and early seventies. From Day 1, there has been a catalogue of structural defects found with the homes due to their non-traditional construction. Issues have included poor thermal insulation, some structural defects and above and below ground drainage issues, which lead to high maintenance liabilities compared with other homes in Council ownership.

The non-traditional stock condition report carried out by Rand Associates in 2011 identified that £6,945,270 of repairs would be required on the Gorse Ride estate over the next 30 years. An updated stock condition survey was undertaken in 2017 to look at the repairs and maintenance requirements of the homes to meet the basic Decent Homes Standard, to comply with Health and Safety requirements and to ensure they remain wind and water tight. This report did not look into addressing the fundamental structural and drainage issues with the Gorse Ride homes; its aim was to ensure the homes were kept in a safe, habitable condition in the short to medium-term.

In addition to the housing stock condition, the 2017 report identified any health and safety hazards (against the Housing, Health and Safety rating system). Any remedial works would have been addressed by the Housing Services Team to ensure the Council was compliant with the relevant Housing, Health and Safety regulations.

Meeting health and safety requirements will always be a top priority for the Council when it comes to managing and maintaining all of our housing stock, including the homes at Gorse Ride.

**82. MEMBER QUESTION TIME**

In accordance with the agreed procedure the Chairman invited Members to submit questions to the appropriate Members

**82.1 Lindsay Ferris asked the Leader of the Council the following question which was answered by the Executive Member for Planning and Enforcement:**

**Question**

In view of the recent Court of Appeal case where WBC were refused the leave to appeal the High Court Decision made in 2018 against WBC in relation to Hare Hatch Sheeplands. The reason given was there were no grounds to accept the appeal.

Of particular concern is the way the Council pursued this case as reference to "Abuse of Process" by the Council has been made by the Judges. We are also concerned about the significant costs that have been incurred and the potential future costs on the Council.

Will the Leader of the Council agree to an Independent External Inquiry into how this situation has occurred?

### **Answer**

WBC pursued this case in line with both internal and external legal advice and for the sound reason that the operator of Hare Hatch/Sheeplands had repeatedly flouted planning law for a significant period. We will not apologise for being vigilant in protecting the integrity of planning policies and, in particular, those applying to the Green Belt which you are very aware is the most highly protected land in the Borough. It is worth pointing out that, due to the Council's perseverance, all of the illegal developments were eventually removed from the site and a high court injunction remains in place to ensure they are not re-built. You may not be aware but we have successfully adopted this approach in other cases elsewhere in the Borough involving blatant persistent breaches of planning and in these cases criminal convictions resulted. The court has ruled differently in this particular case so we will always review future cases such as this but are satisfied that an independent external enquiry is not required on this occasion.

### **Supplementary question**

The reason why I wasn't looking at Simon to reply was because Simon was the Executive Member who, I believe, approved to go to the appeal and the costs that are involved so I am just a bit wary of that.

I think we have a reputational issue here. I have not got a problem with the Council pursuing people who have abused the planning process, and I have told Sheeplands' people about that, but when four high court judges have indicated that "there was abuse of process" and that the three had given the indication that there was no reason to appeal, this does hit the reputation of the Planning Department and the issues that have happened and I do think we need to learn from this and that is why I have asked for that. So if you are not going to do any external investigation I do think there does need to be somebody who has not been involved with this within the Council to look at this. So will you do an internal enquiry involving people and Officers who were not involved in this area because it is of grave concern that we could have significant costs in six, potentially seven figures, I don't know, as we don't know what the situation will be at a time when we are quite heavily financially strapped, and I would like to understand whether that would be pursued?

### **Supplementary answer**

I think you raise a valid point. I think that you are aware that the original case started in 2011 and the Council first sought the high court injunction some considerable time prior to me becoming the Executive Member. I inherited the case and when I reviewed the case the Officers' recommendation, and that of our QC, was that we should pursue the case to the appeal court because of the risk otherwise of indicating that there would be, if you like, a green light to people to continue to flout planning law with the knowledge that there is no specific penalty at the end of that.

I am happy to meet with you and the Head of Planning at the Council to consider what you have suggested and see if we can learn something from it. But my current position remains that if we faced a similar situation where there is repeated and blatant abuse of planning I would be very keen that we pursue that as we have done successfully in a number of other cases. We believe that this recent court case was inconsistent with previous decisions that we have received that have supported our course of action.

Councillor Ferris further stated:

Now that we have case law that pursuing through the planning process the proceeds of crime is now not a way to proceed and I think that is my understanding because one of the judges I believe was the Lord Chief Justice so these are very senior judges.

Councillor Weeks responded as follows:

One of the judges was not the Lord Chief Justice, it is rumoured she may become one. But I will also tell you that I understand that this decision has had significant repercussions with local authorities because to some extent it can reduce the ways they have of controlling inappropriate planning and in all areas I think most councils do want to have appropriate control of planning and in my experience residents want appropriate control of planning and cannot be selective that it is only applied to people they don't like as opposed to operations they do like.

## **82.2 Angus Ross asked the Deputy Executive Member for Children's Services the following question:**

### **Question**

In respect of the item on the agenda of possibly increasing the capacity of Addington School, the report mentions planning constraints. Is the Executive Member for Children's Services aware of the problems that exist outside the school gates in terms of congestion and safety on the road owned by the Borough but not adopted as a highway and will she ensure this is taken into account when a planning case is made, assuming the Executive tonight approves the recommendation to adopt Option 1B?

### **Answer**

Yes I am aware of the planning issues referred to in the report and we have already been in touch with Planning Officers and the relevant Lead Member on this issue. Planning Officers are progressing the issues raised at present so that is being addressed.

### **Supplementary question**

I understand that it will go through the planning process but from my past involvement with the overall site there I am aware of existing parking and safety issues there which the Council have been aware of but hasn't managed to fully address. So my supplementary sort of goes on from that. If the capacity of Addington is increased is it intended that the School will continue to help access and safety by allowing parking within their site at times when other users of that access off Woodlands Avenue and allowing a large number of cars to park for events etc and other Addington pupils of course when they are not on site?

### **Supplementary answer**

You are probably referring in your question as well to that road which leads into Addington School. Obviously at the moment as we know there is a number of schools which follow that route. We also have a leisure centre coming up as well that will lead to even more pressure on that road so at the moment that is being looked at and will be looked at as

part of the planning application and also part of the wider thing as well regarding Addington School parking.

Councillor Ross commented as follows:

It is not the planning it is the accommodation that Addington have made in the last two or three years that they did assist that situation by allowing parking on Addington's land when the school was not in operation.

**82.3 Clive Jones asked the Executive Member for Regeneration the following question:**

**Question**

In the lessons learned report put before the Community and Corporate Overview and Scrutiny Committee it was confirmed that the Market Place project had cost £4.2m and was funded by s106 funding. The final project cost was said to be within 5% of the initial budget. However, at the WBC Executive on 24th September 2015 funding to a maximum of £1.5m was agreed. An identical amount would come from Wokingham Town Council.

This means the original project was expected to cost £3.0m not £4.2m which means the overspend is considerably more. Is this correct?

**Answer**

The simple answer is no but I will give you a slightly longer one if you wish Clive. The Executive Meeting referenced within the question for September 2015 was around 18 months before the final design for the Market Place scheme had been produced, so this then enabled a contractor to generate a cost estimate. During a later Executive meeting held during April 2017, the updated cost of £4.2m, which included the contingency was presented and agreed. The Town Council, that is Wokingham Town Council, also agreed this figure and its 50/50 share with this Council at its Town Council meeting, also held during April 2017.

**Supplementary question**

You have just given me some detail of subsequent meetings to the 24 September 2015 which came up with higher figures but still the original figure back on 24 September amounted to £3m. So that must be the original budget amount?

**Supplementary answer**

As I described that was the original review that was placed but without the design being completed so that could not be the fixed figure. That is why it was reviewed once the design had come through and reassessed at £4.2m.

**82.4 Chris Smith asked the Executive Member for Highways and Transport the following question:**

**Question**

What are the Council's plans for resurfacing of Rosemary Avenue in Earley?

**Answer**

We are quite fortunate in that the Department for Transport has awarded highways authorities with additional Government money recently so we have a one-off grant of just under £1.2m which has been given to us to help us deal with some of the terrible state that the roads are in. We do not have anywhere near enough money as a Council to maintain

the roads as well as we would like. We keep them safe but we don't have enough funds, as more or less the lowest funded authority, to actually do what we would like to on roads.

Every two years Highways does an automated check of all the roads. They have a laser that reads the road surface and they also scrub them to make sure that they are not slippery or dangerous and they have a map of the Borough which has all the roads in priority order. I am pleased to say that Rosemary Avenue is one of the roads that is in a particularly bad state and is showing up as red on that so there is a plan to put Rosemary Avenue as one of the roads in the programme of extraordinary works to resurface during 2019/20. Although I would add a word of caution in respect of the timing as work is dependent on there being no other activities in the vicinity so if somebody has a water leak or something we have to move roadworks around the place and this is to ensure that roadworks are coordinated and we don't end up with people stuck down the end of a road unable to get out completely.

So the good news is yes Rosemary Avenue will be done and the good news is that some other roads in the Borough will be done and they will be done in strict priority order.

### **Supplementary question**

Thank you that is very good news. You made reference to an extra £1.2m from the Government. As extra money like that is found, or identified, or granted, or just comes out of the normal budgeting process will you be, as a Member for Hillside as well, making sure that Earley is getting its fair share?

### **Supplementary answer**

I would like ensure that Earley gets its fair share but as I say the roads are done on priority order based on scientific assessment of all the roads so I have to make sure that the whole Borough is done in the order that it should be done based on the road condition. But yes I will make sure it is done fairly.

## **82.5 Gary Cowan asked the Executive Member for Business, Economic Development and Strategic Planning the following question:**

### **Question**

Re Agenda item 90. Council site for local plan. Wheatsheaf Close SW1011 is the only Council owned land promoted for residential albeit self-build. Has the Council not missed a trick by not promoting more of its land for housing which could be developed by their own companies to meet local affordable housing need and in doing so help its own companies to develop and prosper, as this would benefit all?

### **Answer**

There is quite a complicated answer to this really. Yes you are right. The Council has an ongoing mechanism for reviewing its landholdings, declaring assets surplus and finding potential alternative uses for them through its Asset Review Programme Board, which I am part of.

When a surplus site is identified, we consider whether the principle of development is supported by the Core Strategy Local Plan, for example, which you would know quite well, because they are within our towns and villages where development is planned, or the site is already developed. Where development is supported in principle, we progress the project and submit a planning application. There is no need to promote such sites into the Local Plan Update process; we can simply get on with them. This has been the case with

most of the sites we have developed for affordable housing, which of course you should also know, e.g. Fosters and Phoenix Avenue.

Where the principle of development is not supported by the Core Strategy Local Plan, for example, because it is outside where development is planned, we carefully consider whether development can be justified as an exception now, or whether the land should be promoted into the Local Plan Update. The sites and uses promoted into the Local Plan Update process are those that the Council has identified as the most suitable options to date that require consideration via this route. That is not to say that other sites could not be put forward in the future.

A map of all the Council's landholdings has been made available at all Local Plan Update consultations, as you may have seen last night, being held around the Borough, and residents and indeed our housing companies are able to suggest further sites for development should they so wish.

#### **Supplementary question**

I found at the Forum that some of the elements of the presentation e.g. the crematorium in Barkham were not on the plans and were not discussed with residents. It is difficult to understand why the Council wants to use its own land to support private developers rather than allowing its own limited companies the opportunity to develop affordable housing on its own land.

In line with my question the LPU document has a reference to a deal with a neighbouring council which allows for the removal of small sites in a one size fits all policy, which I find very strange. My question therefore is this: Is the one size fits all policy acceptable when it was an opportunity for our limited companies to be able to evolve right and proper?

#### **Supplementary answer**

I can confirm that they are definitely doing that.

#### **82.6 Andy Croy asked the Executive Member for Finance, HR and Corporate Services the following question:**

##### **Question**

Obviously technology is a critical success factor for Optalis – and for many organisations.

Is the technology solution being looked at a solution just for current operations or does it include options for widening the scope of Optalis services?

##### **Answer**

Both. So yes it does relate to some issues currently that have need but it is also to implement our long term view for widening the service base and widening the customer base of the Company. So it will address both issues.

#### **Supplementary question**

Does that include taking over services which are currently provided in-house by Officers of the Borough Council?

#### **Supplementary answer**

It could do.



### **83. OFFICER RESPONSE TO GROUNDS MAINTENANCE SCRUTINY REVIEW**

The Executive considered a report setting out the Officer response to the Grounds Maintenance Scrutiny Review which was carried out by the Overview and Scrutiny Management Committee in 2018.

Councillor Philip Houldsworth, the Chairman of the Overview and Scrutiny Management Committee, introduced the report and drew Members' attention to the three main issues that the review had focussed on, as outlined in the report, following the large number of complaints that had been received from the public and Members about grass cutting.

During the review account was taken of the complaints that had been submitted, evidence received from residents, towns and parishes, community groups and the experiences of other councils who employed the same contractor.

Councillor Houldsworth highlighted the 12 recommendations that had come out of the review all of which had been accepted by Officers. As part of the review the Committee had requested that the Executive Member and the Director of Locality and Customer Services meet the senior management team from Tivoli early in 2019 to emphasise the Council's expectation for service delivery in 2019 and then submit a report to the February meeting of the Committee setting out the arrangements in place to ensure an effective grass cutting service in 2019.

The Executive Member for Environment, Libraries and Leisure advised that he also agreed with the recommendations, that a meeting with Tivoli was planned for next week and the intention was that the Deputy Executive Member and the Director would be attending the February Overview and Scrutiny meeting. Councillor Halsall also suggested having an item on grass cutting at the March meeting of the Committee as well.

**RESOLVED** that:

- 1) the report of the Overview and Scrutiny Management Committee into the Grounds Maintenance Contract as set out in Attachment 1 to the report be noted;
- 2) the Officers' respective responses to each recommendation, as set out in the Background section of the report, be supported.

### **84. REVENUE MONITORING REPORT 2018/19 - END OF DECEMBER 2018**

The Executive considered a report setting out the revenue monitoring position as at the end of December 2018.

The Executive Member for Finance provided an overview of the report and was pleased to report that the Adult Social Care overspend, which was previously reported at £1.5m, was now predicted to be £500k. Councillor Pollock highlighted the pressures on Children's Services, home to school transport and planning appeal budgets which were currently under review and processes were being put into place to try and reduce the predicted overspends.

**RESOLVED** that:

- 1) the quarter three position of the revenue budget and the level of balances in respect of the General Fund, Housing Revenue Account, Schools Block and the Authority's investment portfolio be noted;

- 2) the estimated general fund budget carry forwards of £575k identified at this stage be noted;
- 3) the updates on Adult Social Services' and Children Services' action plans be noted;
- 4) a supplementary estimate of £100k in 18/19 for "Optalis IT business case feasibility study" be approved;
- 5) a supplementary estimate of £200k in 18/19 for "HRA void costs" be approved.

## **85. CAPITAL MONITORING 2018/19 - END OF DECEMBER 2018**

The Executive considered a report setting out the quarter three position of the Capital budget.

When introducing the report the Executive Member for Finance reminded Members that the outturn of the spending profile was often different from the actual budget and this was mainly due to the fact that there were often issues that arose during a project which meant that changes had to be made which would sometimes result in a project being delayed.

### **RESOLVED** that:

- 1) the quarter three position for the Capital budget, as set out in Appendix A to the report, be noted;
- 2) the new budget adjustments in the Capital Programme for 2018/19, as set out in Appendix B to the report, including the additional £1,177,000 grant received from the Department of Transport for Highways Maintenance, be noted and approved;
- 3) the new budget virements in the Capital Programme which constitutes a change of use, as set out in Appendix C to the report, be noted and approved.

## **86. SHAREHOLDERS' REPORT**

*(Councillors Julian McGhee-Sumner, Philip Mirfin, Stuart Munro and Anthony Pollock declared personal interests in this item)*

The Executive considered a report which provided an update on the performance and progress of those subsidiary companies that the Council had a controlling shareholder interest in.

The Executive Member for Finance highlighted a number of achievements that the companies had made which included the provision of housing and property development, the redevelopment of some adult social care facilities as well as new social housing facilities. As an example Councillor Pollock made reference to a piece of waste land in Shinfield which had previously been the subject of antisocial behaviour. With residents' support the area had been developed to provide much needed affordable housing. He asked Members to let him know if they became aware of any other pieces of land that might be suitable for social housing.

In relation to Optalis Councillor Pollock stated how impressed he had been with the new partnership with Windsor and Maidenhead which had led to a reduction in the turnover of

staff, improved staff satisfaction and had improved the delivery and quality of services to residents.

**RESOLVED** that:

- 1) the budget monitoring position for the month ending 30 November 2018 be noted;
- 2) the operational update for the period to 31 December 2018 be noted.

**87. DELIVERING THE GORSE RIDE REGENERATION PROJECT - COMPULSORY PURCHASE ORDER (CPO)**

The Executive considered a report seeking approval to proceed with the making of a compulsory purchase order (CPO) to achieve the comprehensive regeneration of the Gorse Ride estate.

The Executive Member with responsibility for Housing went through the report and advised that the intention was to establish a compulsory purchase order which would enable the voluntary or compulsory acquisition of all the necessary third party land interests to bring forward comprehensive regeneration of the Gorse Ride estate. The compulsory purchase order would provide certainty with regard to the site assembly and demonstrate the Council's commitment to rejuvenating the area.

Councillor Weeks stated that he was very pleased that the redevelopment of the area was being taken forward and hoped that the existence of a CPO would ensure that most acquisitions could be achieved voluntarily. He was also pleased to note that the redevelopment was supported by the majority of residents and had the support of the Tenant and Landlord Improvement Panel. Councillor Weeks highlighted the community spirit that existed in the area and advised that the Council was doing its utmost to ensure this was maintained as the new development progressed.

**RESOLVED** that:

- 1) the considerable progress already underway to support the rehousing of tenants and homeowners on the Gorse Ride estate be noted;
- 2) the in principle use of a CPO to acquire all property interests (the extent of which is shown indicatively edged red on the plan in Appendix 1) required to deliver the Gorse Ride Regeneration Project be authorised;
- 3) Council Officers continue to negotiate the acquisition by agreement of all third party interests in the land in advance of confirmation of a CPO;
- 4) the Director of Corporate Services, in consultation with the Executive Members with responsibility for Housing and Finance, be authorised to take all necessary steps required for the making, confirmation and implementation of the CPO, including securing the appointment of an external specialist CPO adviser to prepare all necessary documents required to support this process, including statements of reasons and requisite statutory notices;
- 5) the Director of Corporate Services, in consultation with the Executive Members with responsibility for Housing and Finance, be authorised to make General Vesting Declarations (GVDs) under the Compulsory Purchase (Vesting Declarations) Act

1981 and / or serve notice to treat and notices of entry (if required) following confirmation of the CPO.

## **88. CHIEF FINANCE OFFICER'S REPORT**

The Executive considered the Chief Finance Officer's report which provides Members with information that they are required to consider when setting the level of Council Tax.

The Executive Member for Finance when introducing the report highlighted a number of areas including the various challenges that the Council was facing e.g. low levels of Government funding, increases in the number of children requiring intervention and expensive specialist care, and a growing older population. As stated previously measures were being put in place to try and address these challenges.

### **RESOLVED that:**

- 1) the Chief Finance Officer (CFO) report and the issues contained within, including the local government finance settlement and the sections on key risks, be noted and consideration will be given to these when setting the council tax for 2019/20 and agreeing the Council's Medium Term Financial Plan (MTFP);
- 2) the Council's response to the draft local government finance settlement, as set out in Appendix Two to the report, be supported;
- 3) the Council's ongoing representations for fairer funding for the residents of Wokingham Borough Council be noted.

## **89. TREASURY MANAGEMENT - MID YEAR REPORT**

The Executive considered a report relating to Treasury Management operations during the first six months of 2018/19.

The Executive Member for Finance when introducing the report stated the importance of the document which connected the Council's borrowing and investment with the prudential guidance indicators which showed that the Council's financial position in respect of borrowings and investments was soundly managed and soundly based. Councillor Pollock highlighted a number of areas in the report which included the fact that the Council had borrowed less in the first half of the year than was planned, the level of borrowing that was being repaid and investments that were being made in council housing stock.

The Leader of Council highlighted the fact that the £95m, previously borrowed as part of the HRA account, had been reduced to £79.8m which was particularly pleasing given that at the same time the Council was investing in its housing stock.

In response to a query about whether the Executive Member was concerned about the Council's level of borrowing Councillor Pollock responded that he was not concerned as the money that the Council held in assets, both in terms of housing stock and the town centre, would be valued approximately double the level of borrowing. In addition the investment portfolio was worth more than the Council had invested in it and the carrying costs were lower than the rental income which was based on sound, long term tenants.

### **RESOLVED that:**

- 1) it be noted that the mid-year Treasury Management report for 2018/19 was approved by the Audit Committee on 7 November 2018;
- 2) the mid-year Treasury Management report for 2018/19 be noted;
- 3) the actual 2018/19 prudential indicators within the report be noted;
- 4) the report be recommended to Council to approval.

#### **90. TEMPORARY CLOSURE REMENHAM FOOTPATH 4 HENLEY FESTIVAL**

The Executive considered a report relating to a request for temporary closure of Remenham Footpath 4 to allow the Henley Festival to be organised and run in a safe manner whilst enabling residents and visitors to continue using the footpath via a short detour.

#### **RESOLVED** that:

- 1) the making of an Order for the closure of Footpath Remenham No 4, for a closure of an 80m section of the footpath for the set up and de rig of the Festival stage from Monday 8th to Wednesday 10th July 2019 inclusive and from Monday 15th July to Tuesday 16th July 2019 inclusive be approved;
- 2) within the closure a 620m section be included for evening performances from Wednesday 10th July to Sunday 14th July 2019 inclusive and day time performances on Saturday 13th July and Sunday 14th July, under Section 16A of the Road Traffic Regulation Act 1984, subject to the receipt of the requisite consent of the Secretary of State for Transport.

#### **91. WHEATSHEAF CLOSE - SELF-BUILD PROJECT**

The Executive considered a report relating to the proposed development of Wheatsheaf Close as a self-build project.

The Executive Member for Health and Wellbeing explained the proposal which would provide the opportunity for the community to get involved with designing and building their own self-build projects. Wheatsheaf Close was the first of such projects and it was planned to build on 21 plots, 8 of which would be sold on the open market and there would be a design guide for the whole site.

In response to a query from Councillor Weeks, Councillor Batth confirmed that the self-build scheme was aimed at younger people who wanted to get onto the housing ladder not people who already owned homes and wanted to build larger houses.

#### **RESOLVED** that:

- 1) Wokingham Housing Limited or another council-owned Local Housing Company be selected as the development partner for Wheatsheaf Close;
- 2) the Council transfers the land at Wheatsheaf Close to a council-owned housing company for the purposes of delivering a self-build project on terms to be agreed by the Director of Corporate Services in consultation with the Executive Member for Health and Wellbeing, Adult Social Care and Housing, and the Executive Member for Finance, HR and Corporate Resources;

- 3) the site, subject to Recommendation 1 above, is appropriated for planning purposes under section 227 of the Town and Country Planning Act 1990 and Section 122 of the Local Government Act 1972;
- 4) the development brief and self-build delivery approach for the site be approved;
- 5) the transfer of land for the site will be subject to Wokingham Housing Limited (WHL) securing an outline planning consent for the scheme and the necessary Board approvals.

## **92. COUNCIL SITES FOR THE LOCAL PLAN**

The Executive considered a report which related to Council sites which had been submitted for consideration as part of the Local Plan Call for Sites.

The Executive Member for Business, Economic Development and Strategic Planning drew Members' attention to Appendix B of the report which showed the addition of two sites in Winnersh to the list of land holdings, that had already been promoted as part of the Local Plan process.

In response to Councillor Batth's query relating to a suggestion that had been put forward previously to build a Sikh temple on the Winnersh site Councillor Munro confirmed that the Council had a duty to get the best value return for all land and there was a need to go through the proper process and evaluate all options.

**RESOLVED** that:

- 1) the sites listed for submission and consideration, as set out in the report as part of the Local Plan Call for Sites, be approved;
- 2) authority be delegated for the submission of a detailed assessment as part of the Local Plan process to the Assistant Director of Commercial Property and the Executive Member for Business, Economic Development and Strategic Planning.

## **93. BUSINESS RATES RETAIL DISCOUNT**

The Executive considered a report setting out a proposed Localised Non Domestic Rates Retail Discount Scheme.

Members were informed by the Executive Member for Finance that the proposal was intended to support retailers who occupied properties with a rateable value less than £51,000 which would assist smaller retailers eg shops, restaurants, cafes etc. This would provide some relief to those retailers who were often well used and valued by the public.

**RESOLVED:** That the proposed Localised Non Domestic Rates Retail Discount Scheme, as set out in the report, be agreed.

## **94. PROVISION FOR SPECIAL EDUCATION NEEDS AND DISABILITIES, INCLUDING POTENTIAL OPTIONS FOR ADDINGTON SCHOOL EXPANSION**

The Executive considered a report setting out proposals for the provision for children and young people aged 0-25 with Special Education Needs and Disabilities (SEND), including potential options for the expansion of Addington School.

At this point in the meeting an interjection was made by a member of the public who queried whether the information contained in the report was actually correct as it appeared to suggest that the Council would be building on the SULV; which contradicted the answer given to her public question earlier in the meeting. The Leader of Council stated that Councillor Younis would take the points up with Officers in order to clarify the matter and would then provide a response and if necessary apologise.

The Deputy Executive Member for Children's Services advised the meeting that the proposal had come forward as a way of addressing current and future pressures in relation to children with special educational needs and disabilities. A number of options had been considered and Option 1B to expand the Addington School, which had been rated as an "outstanding" school, and create 50 additional special school places was the preferred option.

Members were informed that 133 children, which amounted to at least 40% of children requiring special school education, were being educated outside the Borough. This meant disruption for the children, in terms of long journey times and less time with their families, and also created budget pressures for the Council. In terms of costs Councillor Younis stated that it cost around £18,000 to support a child with special education needs in a Borough school and anything up to £67,000 to educate a child outside the Borough. The intention was therefore to educate children within the Borough wherever possible.

Councillor Pollock highlighted the red line on the map on page 216 of the agenda and queried whether this showed the entire site of Addington School as this seemed to show that part of the SULV was actually within the curtilage of the School. Councillor Younis confirmed that part of the SULV was within the boundary of Addington School and this was not going to be impacted.

With regard to the difference in cost between educating a child in the Borough and educating a child outside the Borough Councillor Pollock made the point that when children from other authority areas were educated in Borough schools the Council did not appear to be receiving the £75,000 that other authorities would have to pay in the independent sector and in fact he felt that the Council was actually receiving even less than the standard cost. He felt that this was very unfair given that the Council was intending to spend significant amounts of capital money expanding a very good school but could then end up having to sell surplus places to other authorities at a discount. He urged the Deputy Executive Member to look into this matter further.

Councillor Ferris interjected and highlighted the information contained in paragraph 6.11 of the report which stated that new buildings would be built on the existing car park and ball courts which were outside the SULV and these facilities would then be relocated to the part of the school site within the SULV.

The Leader of Council agreed that there was some ambiguity within the information that was provided and therefore further clarification was required. In response to Councillor Pollock's comments about out of area children using Borough facilities Councillor McGhee-Sumner confirmed that the aim was to use the new facilities for the benefit of Wokingham children.

Councillor Jorgensen reminded the meeting that the proposal would be going before the Planning Committee for a decision therefore there would be every opportunity for people to influence the proposed expansion through the planning process as well.

The Leader of Council felt that further clarification was required on the points that had been raised at the meeting and therefore proposed that recommendation 1) be amended to include the addition of the following wording: “subject to any clarification and correction as necessary” and this was agreed by the Executive.

**RESOLVED** that:

- 1) a scheme for the expansion of Addington School, with an estimated Capital cost of £4,400,000, as set out as Option 1B in the report, be approved subject to any clarification of the points made at the meeting and correction as necessary, planning permission and other statutory consents being granted, and
- 2) the development of further proposals, including a new special free school for children with autism and social emotional and mental health difficulties, improved accommodation for Foundry College and measures to support the retention of children in mainstream schools, including support for schools and sustainable arrangements for special education needs resource bases be approved. It was noted that these schemes will be the subject of a further report or reports in 2019;
- 3) the Director of Customer Services and Localities is requested through the Local Plan Update to consider amending the boundary of the SULV to exclude the land in the curtilage of Addington School.

**95. TYR ABAD RESIDENTIAL EDUCATION CENTRE (TREC)**

The Executive considered a report, including appendices containing exempt information, relating to the Tyr Abad Residential Education Centre (TREC).

The Deputy Executive Member for Children’s Services advised that the TREC, which provided good outdoor facilities, had been set up in the early 1970s by the head teachers of three Berkshire schools. It was noted that the TREC was run by a trust which was financially independent and the Council had no direct involvement in the day to day running of the facility. It did however currently employ three members of staff at the facility which meant that as employers the Council was still liable in a number of areas e.g. cases of negligence, health and safety requirements etc. Councillor Younis drew Members’ attention to the proposals in relation to the current staff, who had been involved in discussions on the matter, as set out in the report. The Council wanted to ensure that the services would continue as the TREC provided excellent facilities and therefore wanted to support them as much as possible whilst also limiting its liability.

Councillor Pollock wanted to ensure that there was some provision in place that would provide safeguards for the staff that were currently employed by the Council. Councillor Younis confirmed that provisions, as outlined in the Part 2 report, would ensure that they were supported.

**RESOLVED** that:



- 1) the report and areas of concern raised by the Tyr Abad Residential Education Centre (TREC) be noted;
- 2) the options outlined in Part 2 of the report, in order to facilitate a resolution to the current situation, be noted;
- 3) the Council offers support in the areas set out in Part 2 of the report.

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<b>TITLE</b>	<b>Housing Revenue Account Budget 2019/20</b>
<b>FOR CONSIDERATION BY</b>	The Executive on Thursday, 21 February 2019
<b>WARD</b>	None specific
<b>DIRECTOR</b>	Director of Locality and Customer Services - Interim Sarah Hollamby
<b>LEAD MEMBER</b>	Executive Member for Health and Wellbeing, Adult Social Care and Housing – Parry Batth

## **PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)**

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

## **RECOMMENDATION**

That the Executive approve and recommend to Council :

- 1) the Housing Revenue Account budget;
- 2) Council house dwelling rents be reduced by 1% effective from April 2019 in line with the Welfare Reform and Work Act 2015;
- 3) garage rents be increased by 3.70% effective from April 2019 in line with Council fees and charge;
- 4) Shared Equity Rents will be increased by 3.27% based on September RPI, effective from April 2019;
- 5) Tenant Service Charges are set in line with estimated costs.
- 6) the Housing Major Repairs (capital) programme for 2019/20 as set out in Appendix C.
- 7) Sheltered room guest charges increase from £9.00 per night to £9.50 per night.

## **EXECUTIVE SUMMARY**

The proposed Housing Revenue Account (HRA) for 2019/20 is set out for consideration and recommendation to Council. An indication of the budget for 2020/21 and 2021/22 is provided for information. Proposed 2019/20 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 movement in interest rates using relevant available information from various sources, including the Council's treasury management advisors.

Wokingham Borough Council's ability to utilise retained right to buy receipts will continue to be a challenge for the HRA. For 19/20, the HRA will need to borrow to help fund its 70% share of spend from revenue. Attention is drawn to the reducing level of reserves

from £4.9m in 2016/17 to £1.8m in 2021/22. Officers are actively working to efficiently manage voids levels and effectively target expenditure.

## BACKGROUND

### HOUSING REVENUE ACCOUNT 2019/20

#### 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 2018/19 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 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 the 1% reduction.
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. Over the next three years a further £5.6m of debt is to be repaid. The estimated debt as at the 31st March 2021 is £81.84m this includes a new loan to be taken out in 2019/20 to fund the 70% expenditure needed for the use of RTB receipts in 2020/21, 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:-
  - a. As at the 31st March 2013 the HRA had a capital financing requirement of £96.5m, this has now reduced to £88.1m (estimate as at 31/03/2019). The Government announced in the 2018 Budget Statement that the HRA borrowing cap would be removed. Although the cap has been lifted, it is important that any additional borrowing is still affordable. The HRA business plan will be reviewed during 2019/20 to explore what options are affordable in light of the borrowing changes. Any decisions on future

- borrowing will follow the prudential borrowing rules set out in the Treasury Management Strategy.
- b. 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.
  - c. The HRA Capital Programme for 2019/20 will be £12.1m plus any carry forwards, followed by £6.2m in 2020/21 and £6.2m in 2021/22. The programme now includes the requirements to utilise the retained right to buy receipts.
  - d. Rental income will be based on government requirements for a 1% reduction each year to 2019/20. This is the final year of rent reductions. Government have announced that rents will be increased by 1% + Consumer Price Inflation (CPI) in future years.

#### Garage Rents

- 5. It is proposed to increase garage rents by 3.70% for 2019/20 in line with the council wide increase to fees and charges.

#### Shared Equity Rents

- 6. It is proposed to increase shared equity rents by 3.27% based on September RPI, effective from April 2019.

#### 2019/20 Budget Assumptions & Risks

- 7. The 2019/20 budget includes expenditure of £3m for repairs and maintenance and a revenue contribution of £0.5m to capital to help fund the capital investment programme.

#### Housing Major Repairs (Capital Programme)

- 8. 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 £12.1m capital expenditure in 2019/20 is:

- a. Revenue contributions £0.5m,
- b. Major Repairs Reserve £5.9m
- c. Right to buy receipts £2.4m
- d. Developer contributions £1.5m
- e. Borrowing £1.8m

The proposed Housing Capital Programme is shown at Appendix C.

#### Consultation

- 9. The draft budget submission has been considered by Corporate Leadership Team on the 22 January 2019, and the Tenants & Landlord Improvement Panel on 24th January 2019.

## BUSINESS CASE (Including Options and Evidence of Need)

The Housing Revenue Account budget for 2019/20 is shown at Appendix D. The budget has been drawn up on a self-financing basis and reflects:

- Interest charge of £3.0m, depreciation of £3.7m and revenue contributions to capital of £0.5m as determined by the Council's 30-year business plan under the self-financing system.
- Management and repairs costs have increased from £6.1m to £6.3m to reflect ongoing cost pressures from void properties. The projected HRA balance (see Appendix A) at 31 March 2019 will be £2.8m.

## 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

None

### Stakeholder Considerations and Consultation

Budget proposals have been reported to the Tenants & Landlord Improvement Panel.

### Resourcing and Timeline for Next Steps

As outlined above.

### Timeline for Review and Evaluation

The HRA budget will be monitored on a regular basis and reported to Executive on a quarterly basis.

### List of Background Papers

Appendix A – Housing Revenue Account Reserves  
Appendix B – Sample Rents & Service Charges 19/20  
Appendix C – HRA Capital Budget  
Appendix D – HRA Revenue Budget

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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"> <li>Balance is determined by level of risk associated with the budget</li> <li>Minimum 5% of gross spend</li> </ul> <p>Current recommended minimum level of reserves is: £0.8m - minimum level</p>	<p>2018 £4.1m 2019 £2.8m 2020 £1.8m 2021 £1.8m 2022 £1.8m</p>	<ul style="list-style-type: none"> <li>Provides general contingency for unavoidable and unseen expenditure or fall in income</li> <li>Stability for longer term planning and for meeting the decent homes standards</li> <li>Interest on Balances helps to reduce costs: Interest on Balances @ 0.5% = £21k</li> </ul>	<ul style="list-style-type: none"> <li>Could be used to fund HRA Capital expenditure to help meet decent homes standard which would result in loss of interest £5k per £1m</li> <li>Could be used to fund HRA debt repayment</li> </ul>
Major Repairs Reserve	<ul style="list-style-type: none"> <li>Use of Capital to meet Decent Homes Standard</li> <li>Redevelopment and regeneration of the Council's housing stock</li> </ul>	<p>2018 £3.5m 2019 £3.2m 2020 £1.0m 2021 £1.5m 2022 £1.5m</p>	<ul style="list-style-type: none"> <li>Provides capital to invest in stock to meet the government's Decent Homes Standard policy</li> <li>Provides general contingency for unavoidable or unseen expenditure</li> </ul>	<ul style="list-style-type: none"> <li>Will be used to fund HRA capital expenditure to help meet decent homes standard</li> </ul>

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## APPENDIX B

### **PROPOSED RENT 2019/20 – Sample Rents, Service Charges & Fees**

Address	Date Built	Weekly Rent 2017/18	Weekly Rent 2018/19	% Increase/ Decrease	Weekly Rent 2019/20	% Increase/ Decrease
Bed-sit Flat, Longs Way	1959	£ 76.84	£ 76.07	-1.0%	£ 75.31	-1.0%
Bed-sit Bungalow, Finch Road	1954	£ 85.98	£ 85.12	-1.0%	£ 84.27	-1.0%
1 Bed Flat, Cobham House	1964	£ 92.78	£ 91.85	-1.0%	£ 90.93	-1.0%
1 Bed Bungalow, Firs Close	1974	£ 89.57	£ 88.67	-1.0%	£ 87.78	-1.0%
2 Bed Flat, Field End	1984	£ 108.32	£ 107.24	-1.0%	£ 106.17	-1.0%
2 Bed Maisonette, Clements Close	1977	£ 102.30	£ 101.28	-1.0%	£ 100.27	-1.0%
2 Bed Bungalow, Emblen Crescent	1951	£ 104.10	£ 103.06	-1.0%	£ 102.03	-1.0%
2 Bed House, Mole Road	<1945	£ 118.53	£ 117.34	-1.0%	£ 116.17	-1.0%
3 Bed Maisonette, Patten Ash Drive	1965	£ 119.39	£ 118.20	-1.0%	£ 117.02	-1.0%
3 Bed Bungalow, Glebe Gardens	1969	£ 142.49	£ 141.07	-1.0%	£ 139.66	-1.0%
3 Bed House, Hurst Road	<1945	£ 132.61	£ 131.28	-1.0%	£ 129.97	-1.0%
4 Bed Maisonette, Patten Ash Drive	1969	£ 130.94	£ 129.63	-1.0%	£ 128.33	-1.0%
4 Bed House, Chestnut Crescent	1969	£ 136.08	£ 134.72	-1.0%	£ 133.37	-1.0%
5 Bed House, Bayley Court	1969	£ 140.97	£ 139.56	-1.0%	£ 138.16	-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.						

## APPENDIX B

Communal Area Address	Service Charge per property per week 2019/20*		
	Electricity	Grounds Maintenance	Cleaning
Arnett Avenue	£1.73	£0.18	£3.38
Ashridge Road	£1.95	£0.27	£0.00
Barker Court	£0.00	£0.38	£0.00
Budges Road	£1.09	£0.08	£0.00
Chatsworth Avenue	£0.00	£0.03	£0.00
Chestnut Crescent	£1.01	£0.02	£0.00
Cheviot Drive	£0.88	£0.47	£2.56
Chiltern Drive	£0.57	£0.47	£0.00
Cobham House	£1.08	£0.18	£4.39
Ditchfield Lane	£1.04	£0.06	£1.76
Dowding Court	£0.00	£0.50	£0.00
Field End	£0.00	£0.25	£0.00
Finch Road	£0.00	£0.05	£0.00
Frensham Green	£0.00	£0.09	£0.00
Glebe Gardens	£0.17	£1.73	£0.00
Halpin House	£9.94	£0.51	£0.00
Hunters Court	£0.59	£0.20	£3.29
Kingsbridge Cottages	£0.00	£0.46	£5.48
Loddon View	£0.00	£0.38	£0.00
Martineau Lane	£0.00	£0.09	£0.00
Middlefields Court	£0.00	£0.18	£0.00
Norreys Avenue	£0.00	£0.00	£2.10
Ormonde Road	£0.51	£0.08	£0.00
Patten Ash Drive	£2.01	£0.04	£0.00
Pennfields	£0.26	£0.08	£0.00
Queen Victoria House	£0.77	£0.05	£2.52
Recreation Road	£0.90	£1.75	£5.60
Roycroft Lane	£0.00	£0.10	£0.00
Stephanie Chase Court	£0.31	£0.59	£0.00
Toutley Road	£1.27	£0.47	£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.			

## APPENDIX B

Sheltered Accommodation Address	Service Charge per property per week 2019/20*
Arnett Avenue	£4.52
Dickens Court	£36.39
Glebe Gardens	£18.27
Harman Court	£26.81
Meachen Court	£38.08
Palmer Court	£46.68
Polehampton Court	£30.35
Sale Gardens	£27.47
Spring Gardens	£37.30
Treacher Court	£22.33
* 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 2019/20
Dickens Court	£9.50
Harman Court	£9.50
Meachen Court	£9.50
Palmer Court	£9.50
Polehampton Court	£9.50
Sale Garden Cottages	£9.50
Spring Gardens	£9.50

Garages	Weekly Rent 2019/20
Council Tenants (Non vatable)	£8.40
Non Tenants (vatable)	£11.90 (Includes VAT @ 20.0%)

Leaseholder Charges	Per Annum 2019/20
Ground Rent	£10.00
Management	£90.00

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## HOUSING REVENUE ACCOUNT CAPITAL BUDGET

	2019/20 £'000 Budget	2020/21 £'000 Budget	2021/22 £'000 Budget
<b>EXPENDITURE</b>			
Estate Improvements	10	10	10
Capitalised Staffing Costs	605	605	605
Adaptations for the Disabled	400	400	400
Voids	450	450	450
Housing Purchase & New Builds (Note 1)	8,000	2,054	2,054
Planned & Cyclical Works	1,495	1,495	1,495
Improvements & Projects including Decent Homes	1,140	1,140	1,140
<b>Total Expenditure</b>	<b>12,100</b>	<b>6,154</b>	<b>6,154</b>
<b>FUNDED BY</b>			
Major Repairs Reserve (Note 2)	(5,900)	(3,140)	(3,140)
Right to Buy Receipts (Note 3)	(2,400)	(616)	(616)
Other Receipts / Grants (Note 4)	(1,516)	(2,398)	(2,398)
Revenue Contributions (Note 5)	(476)	0	0
New loan for 70% of RTB purchase (Note 6)	(1,808)	0	0
<b>Total Capital Funding</b>	<b>(12,100)</b>	<b>(6,154)</b>	<b>(6,154)</b>
<b>Balances at Year End</b>	<b>0</b>	<b>0</b>	<b>0</b>
<p>Note 1. Additional expenditure in year 1 to utilise right to buys receipts.</p> <p>Note 2. Increased use of MRR to fund housing purchases in year 1.</p> <p>Note 3. Year 1 shows utilisation of right to buys receipts to invest in new homes.</p> <p>Note 4. Developer contributions to support capital investment in affordable housing.</p> <p>Note 5. Available revenue contribution to support capital investment.</p> <p>Note 6. Additional borrowing to support maximising right to buy receipts.</p>			

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# HOUSING REVENUE ACCOUNT REVENUE BUDGET

Appendix D

	2019/20 £'000 Budget	2020/21 £'000 Budget	2021/22 £'000 Budget
<b>INCOME</b>			
<b>Rents</b>			
Dwelling Rents	(13,617)	(13,773)	(14,091)
Garage Rents	(238)	(243)	(248)
Commercial Rents	(2)	(2)	(2)
<b>Total Rents</b>	<b>(13,857)</b>	<b>(14,018)</b>	<b>(14,341)</b>
<b>Fees &amp; Charges</b>			
Service Charges	(408)	(408)	(408)
Leasehold Charges	(123)	(123)	(123)
Other Charges for Services & Facilities	(48)	(48)	(48)
Interest on Balances	(59)	(51)	(56)
<b>Total Income</b>	<b>(14,495)</b>	<b>(14,648)</b>	<b>(14,976)</b>
<b>EXPENDITURE</b>			
Housing Repairs	3,048	3,048	3,048
General Management	3,012	3,140	2,889
Sheltered Accommodation	257	257	257
Depreciation (Note 1)	3,664	3,664	3,664
Revenue Contribution to Capital (Note 2)	476	0	0
Capital Finance Interest Charge	3,002	3,030	3,033
HRA Principle Repayments (Note 3)	1,998	1,503	2,080
<b>Total Expenditure</b>	<b>15,457</b>	<b>14,642</b>	<b>14,971</b>
<b>Net Expenditure / (Income)</b>	<b>962</b>	<b>(6)</b>	<b>(5)</b>
<b>REVENUE ACCOUNT</b>			
Balance at Beginning of Year	(2,762)	(1,800)	(1,806)
Transfer (to) / from earmarked reserves	962	(6)	(5)
<b>Balance at End of Year (Note 4)</b>	<b>(1,800)</b>	<b>(1,806)</b>	<b>(1,811)</b>
<p>Note 1. The contribution from HRA to Major Repairs Reserve.</p> <p>Note 2. Variation is largely driven by the need to match fund (at 70%) right to buy receipts.</p> <p>Note 3. Repayment of HRA loans taken during self financing introduction.</p> <p>Note 4. Reserve balances guided by assessments of financial risks.</p>			

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<b>TITLE</b>	<b>Capital Programme and Strategy 2019/22</b>
<b>FOR CONSIDERATION BY</b>	The Executive on Thursday, 21 February 2019
<b>WARD</b>	None Specific;
<b>LEAD OFFICER</b>	Deputy Chief Executive- Graham Ebers
<b>LEAD MEMBER</b>	Executive Member for Finance, HR and Corporate Resources - Anthony Pollock

## **PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)**

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

## **RECOMMENDATION**

The Executive is asked to recommend to Council the following:

- 1) that they approve the Capital strategy for 2019/22 - Appendix A;
- 2) that they approve the 3 year capital programme 2019/22 – Appendix B;
- 2) note the draft vision for capital investment over the next 10 years - Appendix C;
- 3) approve the developer contributions S106 and CIL as set out in Appendix D. The S106 and CIL values are estimated and approval is sought up to the scheme budget;
- 4) note the commercial activities of the Council – Appendix E.

## **EXECUTIVE SUMMARY**

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 2019 to 2029. However recognising that there is some uncertainty, especially in relation to needs and funding in later years, the strategy therefore focuses on 2019/20 to 2021/22.

## BACKGROUND

The current 10 year capital vision and any new capital scheme bids are periodically reviewed. The Council seeks to allocate scarce capital resources in line with the Council's borough plan, priorities and underpinning principles by scoring and evaluating the capital programme.

Based on these evaluations the attached capital programme has been prepared. Members are presented with the proposed capital budget & strategy 2019/22 for recommendation to Council. A summary by Exec member can be found in appendix A, section 7. The sources of funding for this programme are outlined in appendix A, section 8.

## BUSINESS CASE (including Options and Evidence of Need)

The proposed capital programme helps deliver the key priorities of the borough plan and is set over the next three years. Most schemes deliver across more than one priority area; the schemes are have been allocated to the most significant priority.

Capital Programme by Borough Plan Priorities	Year 1 2019/20	Year 2 2020/21	Year 3 2021/22	Total
	£'000	£'000	£'000	£'000
Promoting Quality of Life for Vulnerable Adults	2,774	3,873	3,392	10,039
Affordable Housing	22,470	20,692	10,338	53,500
Traffic Congestion	6,484	10,530	6,948	23,962
Clean, Green and Enjoyable Spaces	1,504	469	419	2,392
Sustainable Towns and Parishes	101,052	81,580	58,515	241,147
Economic Prosperity	70,576	12,806	15,726	99,108
Ensuring Opportunity for all Children	22,118	7,667	3,323	33,108
Encouraging Physical and Mental Wellbeing	10,219	12,825	75	23,119
<b>Total</b>	<b>237,197</b>	<b>150,442</b>	<b>98,736</b>	<b>486,375</b>

The Council's plans to make capital investment of £484 million over the next 10 years. Appendix C shows every scheme by asset type. A summary of these investments are:

	Year 1 2019/20	Year 2 2020/21	Year 3 2021/22	Total
Asset area greater than 10m in year 1	£'000	£'000	£'000	£'000
Strategic asset enhancement/New build	64,655	1,100	4,175	69,930
Road & Highways infrastructure improvement scheme	47,729	62,478	46,261	156,468
Town Centre Regeneration	42,276	11,482	3,951	57,709
Schools-enhancements, extensions and new build	20,558	7,667	3,323	31,548
Social Housing	22,470	20,692	10,338	53,500
<b>Subtotal</b>	<b>197,688</b>	<b>103,419</b>	<b>68,048</b>	<b>369,155</b>
Assets area less than 10m in year	39,509	47,023	30,688	117,220
<b>Total</b>	<b>237,197</b>	<b>150,442</b>	<b>98,736</b>	<b>486,375</b>

## 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)	£237,197,000	Yes	Capital
Next Financial Year (Year 2)	£150,442,000	Yes	
Following Financial Year (Year 3)	£98,736,000	Yes	

Other Financial Information
None

Stakeholder Considerations and Consultation
N/A

Resourcing and Timeline for Next Steps
N/A

Timeline for Review and Evaluation
N/A

List of Background Papers
Appendix A - Capital Strategy for 2019/22 Appendix B - 3 Year Capital Programme 2019/22 Appendix C – Capital Investment over 10 Years

Appendix D – Schemes Funded by Developer Contributions Appendix E – Commercial Activities
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# WOKINGHAM BOROUGH COUNCIL



# WOKINGHAM BOROUGH COUNCIL

## Treasury Management Capital Strategy Report 2019/20

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Commercial Activities Capital Programme	Appendix E



## 1. Introduction

The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019-20, all local authorities to prepare a capital strategy report, which will provide the following:

- A high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- An overview of how the associated risk is managed
- The implications for future financial sustainability

### 1.1 Purpose of the Capital Strategy

The purposes of the capital strategy are:

- To drive the authority's capital investment ambition
- Ensure appropriate capital expenditure, Capital financing and treasury management in the context of the sustainable, long term delivery of services
- Comparison of different capital schemes through:
  - Measuring financial and non-financial impacts
  - Identifying the optimum level of investment, set against the authority ambition
  - Benchmarking to assess future performance

This report will provide a strong basis for decision making and accountability.

## 2. Governance Framework & Core Principles

The 10 year capital vision and any new capital scheme bids is periodically reviewed. The Council seeks to allocate scarce capital resources in line with the Council's vision, priorities and objectives. Capital schemes are evaluated under the governance of the Capital Prioritisation Group.

The group consists of senior officers from each directorate with support from the financial specialist team.

The objective of the group is to create a balanced, achievable capital programme with clear objectives and outcomes (value and delivery) which are aligned with the Council's strategic objectives. To enable the group to do this the following tasks will need to be carried out:

- To produce a balanced capital programme
- To review and approve bids for capital funding
- To make recommendations on the use of contingency
- To make recommendations on budget carry forwards
- To review and approve in year changes to project budgets
- To ensure alignment with Council Plan objectives
- To monitor the delivery and expenditure of the current capital programme
- To ensure profiling of project spend is accurate

The scoring was against the Council key priorities which are as follows:

- Economic Prosperity
- Community Safety
- Sustainable Towns and Parishes
- Affordable Housing
- Tackling Congestion
- Impact of Development
- Clean, Green and Enjoyable Spaces
- Promoting Quality of Life for Vulnerable Adults
- Ensuring Opportunity for all Children
- Ensuring Physical and Mental Wellbeing

The bids are also scored on three additional criteria:

- Value for Money
- Availability of Ring-fenced Funding
- Risk / Legislation Impact

Based on these evaluations, the capital programme has been prepared. Members are presented with the proposed capital budget submission 2019/22 for recommendation to Council (Appendix B).

Democratic decision-making and scrutiny processes provide overall political direction and ensure accountability for investment in the capital programme. These processes include:

- The Council approves the Council vision and priorities
- The Council is ultimately responsible for approving the Capital Strategy, Treasury Management Strategy and Capital programme
- The Executive receives regular capital monitoring reports, approves variations to the programme and considers new bids for inclusion in the capital programme
- Portfolio holders are assigned projects in line with their responsibilities
- Scrutiny committees can call in Cabinet reports, receive and scrutinise reports
- All projects progressing to the capital programme follow the constitution, and financial regulations
- The capital programme is subject to internal and external audit.

### **3. Capital Vision Planning**

Wokingham Borough Council maintains an approved capital vision that covers a ten year period. This is broken down to a 1-3 year balanced capital programme and 4-10 year capital vision. These are reviewed and updated on annual basis.

### **4. Asset Management**

The overriding objective of asset management within the Council is to achieve a corporate portfolio of property assets that is appropriate, fit for purpose and affordable. The Council's property portfolio consists of operational property, investment property and property held for

specific community or regeneration purposes. The Council has specific reasons for owning and retaining property:

- Operational Purposes - assets that support core business and service delivery e.g. schools, office buildings.
- Investment Properties - held to provide a financial return to the Council that supports service provision.
- Parks, playgrounds and open spaces.
- Regeneration - enabling strategic place shaping and economic growth.

Asset management is an important part of the Council's business management arrangements and is crucial to the delivery of efficient and effective services, the ongoing management and maintenance of capital assets will be considered as part of the strategy. The asset management planning includes an objective to optimise the Council's land and property portfolio through proactive estate management and effective corporate arrangements for the acquisition and disposal of land and property assets. The Council will continue to realise the value of any properties that have been declared surplus to requirements in a timely manner, having regard to the prevailing market conditions.

## 5. Commercial Activity and Investment Property

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines investment property as property held solely to earn rentals or for capital appreciation or both. Returns from property ownership can be both income driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The combination of these is a consideration in assessing the attractiveness of a property for acquisition.

In the context of the Capital Strategy, the Council is using resources to purchase property to provide a positive financial return. The Council may fund the purchase of the property by borrowing money, normally from the Debt Management Office as part of HM Treasury. The rental income paid by the tenant should exceed the cost of repaying the borrowed money each year. The annual surplus then supports the Council's budget position, and enables the Council to continue to provide services for local people.

The reasons for buying and owning property assets are primarily;

- Financial returns to help fund services to residents
- Market and economic opportunity
- Economic development and regeneration activity in the Borough (all investment property is currently located within Wokingham)

Historically, property has provided strong investment returns in terms of capital growth generation of stable income. Property investment is not without risk as property values can fall as well as rise and changing economic conditions could cause tenants to leave with properties remaining vacant. The strategy makes it clear that the Council will continue to invest prudently on a commercial basis and to take advantage of opportunities as they present themselves, supported by our robust governance process.

## 6. Loans

The Council has discretion to make loans for a number of reasons, primarily for economic development. These loans are treated as capital expenditure. In making loans the Council is exposing itself to the risk that the borrower defaults on repayments. The Council, in making these loans, must therefore ensure they are prudent and has fully considered the risk implications, with regard to both the individual loan and that the cumulative exposure of the Council is proportionate and prudent. The Council will ensure that a full due diligence exercise is undertaken and adequate security is in place. The business case will balance the benefits and risks.. All loans will be subject to close, regular monitoring.

## 7. Capital Expenditure 2019-2022

The following table shows a breakdown of expenditure over the next three years broken down by Executive member.

**Table 1 Capital expenditure 2019-2022**

Lead member	Responsibility	Year 1 2019/20	Year 2 2020/21	Year 3 2021/22
		£	£	£
Parry Bath (PB)	Health and Wellbeing, Adult Social Care & Housing	23,671	24,475	13,830
Anthony Pollock (AP)	Finance, HR and Corporate Resources	18,796	14,646	17,376
Pauline Jorgensen (PJ)	Highways and Transport	11,995	20,530	19,912
John Halsall (JH)	Environment, Leisure and Libraries	18,637	18,531	8,806
Pauline Helliard-Symons (PHS)	Children's Services	22,118	7,667	3,323
Stuart Munro (SM)	Business, Economic Development & Strategic Planning	99,619	53,111	31,538
Philip Mirfin (PM)	Regeneration	42,361	11,482	3,951
<b>Total</b>		<b>237,197</b>	<b>150,442</b>	<b>98,736</b>

## 8. Capital funding

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

**Table 2 Capital funding**

	Year 1 2019/20	Year 2 2020/21	Year 3 2021/22
Capital Receipts	(9,150)	(6,150)	(150)
Capital Grant Income	(14,456)	(23,824)	(23,929)
Developer Contributions (S106 / CIL)	(53,909)	(40,049)	(23,691)
Revenue Contributions to Capital	(1,697)	(1,221)	(1,220)
Right to Buy Receipts / HRA receipts	(4,290)	(2,054)	(2,054)
Borrowing	(147,795)	(74,004)	(44,552)
Major Repairs Reserve	(5,900)	(3,140)	(3,140)
<b>Total</b>	<b>(237,197)</b>	<b>(150,442)</b>	<b>(98,736)</b>

## 8.1 Financing Need (Borrowing)

In approving the inclusion of schemes and projects within the capital programme the Council ensures all of the capital and investment plans are affordable, prudent and sustainable. In doing so the Council will take into account the arrangements for the repayment of debt, through a prudent Minimum Revenue Provision (MRP) policy in line with guidance produced by the Ministry of Housing, Communities and Local Government. The capital financing charges and any additional running costs arising from capital investment decisions are incorporated within the annual budget and medium term financial plans. This enables members to consider the consequences of capital investment alongside other competing priorities for revenue funding.

Existing Council debt is therefore the consequence of historical capital expenditure. The Council can temporarily utilise other resources in lieu of external borrowing to fund capital expenditure. This is referred to as internal borrowing.

A summary of our external and internal debt over the medium term financial plan time period, can be found in the Treasury management strategy approved by Council on the 21<sup>ST</sup> February 2019 .

## 9. Long Term Revenue Implications of Capital Investment Decisions

Capital investment decision making is not only about ensuring the initial allocation of capital funds meets the corporate and service priorities but ensuring the asset is fully utilised, sustainable and affordable throughout its whole life. This overarching commitment to long term affordability is a key principle in any capital investment appraisal decision. In making its capital investment decisions the Council must have explicit regard to consider all reasonable options available.

## 10. Risk Appetite

This section considers the Council's risk appetite with regard to its capital investments and commercial activities, i.e. the amount of risk that the Council is prepared to accept, tolerate, or be exposed to at any point in time. It is important to note that risk will always exist in some measure and cannot be removed in its entirety. A risk review is an important aspect of the consideration of any proposed capital or investment proposal. The risks will be considered in line with the risk management strategies we have in place and commensurate with the Council's low risk appetite. Subject to careful due diligence, the Council may consider a moderately higher level of risk for strategic initiatives, where there is a direct gain to the Council's revenues or the ability to deliver its statutory duties more effectively and efficiently.

## 11. Knowledge and Skills

The Council has professionally qualified staff across a range of disciplines including finance, legal and property and follow continuing professional development (CPD) requirements attending courses on an ongoing basis to keep up to date with new developments and skills.

External professional advice is taken where required.

### 11.1 Training

Internal and external training is offered to members to ensure they have up to date knowledge and expertise to understand and challenge the capital and treasury decisions taken.

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Project (Description)	2019/20 £'000	2020/21 £'000	2021/22 £'000	Responsible Member
ASC and Optalis Transformation Programme	1,500	0	0	PB
Older People's Dementia Home	250	2,750	2,250	PB
Connected Care	100	100	100	PB
Investment in Manual Handling Equipment to Reduce Domiciliary Care Costs	89	89	89	PB
Day Service Provision for the Physically Disabled	50	0	0	PB
Urgent Maintenance & Refurbishment	50	50	50	PB
Project Management Costs for New Enhanced Assistive Technology Service	25	10	10	PB
Investment in Assistive Technology to Reduce Domiciliary Care Costs	5	24	44	PB
Adult Services	2,069	3,023	2,543	

Project (Description)	2019/20 £'000	2020/21 £'000	2021/22 £'000	Responsible Member
Strategic Property and Commercial Assets	55,000	0	0	SM
Town Centre Regeneration - Elms Field	37,953	1,028	0	PM
Carnival Pool Area Redevelopment	2,624	10,454	3,951	PM
Peach Place New Development	1,700	0	0	PM
Maintaining an Enhanced Level of IT Infrastructure	300	300	300	AP
Support Services Energy Reduction Schemes	250	250	250	JH
Commercial Property Site Initial Design Work	85	0	0	PM
Commercial Portfolio - Improvement to WBC Commercial Properties	0	0	0	SM
Chief Executive	97,912	12,032	4,501	

Project (Description)	2019/20 £'000	2020/21 £'000	2021/22 £'000	Responsible Member
Primary strategy - Arborfield Primary school	7,000	2,000	0	PHS
Primary strategy - Matthews Green	6,000	2,000	0	PHS
Addington Special School Expansion	4,500	0	0	PHS
Children's and Education Transformation Programme	1,500	0	0	PHS
Schools Urgent Maintenance	630	630	630	PHS
Basic Needs Primary Programme	500	1,500	2,000	PHS
Schools Devolved Formula	375	375	375	PHS
New Secondary School in South-West to Meet Demand Due to SDL and Other Developments	350	216	0	PHS
Foundry College Accommodation Project	255	0	0	PHS
Primary Strategy - Shinfield West FFE	235	75	50	PHS
Wescott Resource Base Expansion	225	0	0	PHS
Healthy Pupils Capital Fund Programme	153	0	0	PHS
School Kitchens	100	100	100	PHS
SEND Investment Programme	100	307	0	PHS
Primary Strategy - Montague Park	37	34	34	PHS
Children in Care Website Upgrade	30	0	0	PHS
Special Educational Needs Website Development	30	0	0	PHS
Primary Strategy - East Park Farm	27	27	0	PHS
Primary Strategy - Windmill Pri. Sch	27	22	0	PHS
ICT Equipment for Children in Care	22	22	22	PHS
Primary Strategy - Wheatfield Pri. Sch	22	22	0	PHS
Primary Strategy - Arborfield Primary school	0	225	75	PHS
Primary Strategy - Matthews Green	0	113	38	PHS
<b>Children's Services</b>	<b>22,118</b>	<b>7,668</b>	<b>3,324</b>	



Project (Description)	2019/20 £'000	2020/21 £'000	2021/22 £'000	Responsible Member
Bulmershe Swimming Pool / Leisure Centre - New build	9,044	1,000	0	JH
WBC (Holdings) Ltd Loan	7,590	6,000	6,000	AP
Gorse Ride Regeneration (Phase 2 & 3)	4,463	7,699	3,124	PB
Central Contingency	2,000	2,000	2,000	AP
Bulmershe Campus Access Improvement Works	750	0	0	JH
Temporary Accommodation Improvement Works at Grovelands Park (Non HRA assets)	600	0	0	PB
Environmental Improvement Works at Carters Hill (Non HRA assets)	500	0	0	PB
Leisure Centre Refurbishments / Upgrades across the Borough (x5 facilities)	375	75	75	JH
Property Maintenance and Compliance	350	350	350	AP
IT Refresh	275	0	0	AP
Communications and Engagement	250	250	250	SM
Replacement of the Fundamental Operating System for CRM / Workflow	250	150	0	AP
Network Hardware Replacement	100	100	100	AP
IT Network Capability and Resilience Improvement	100	35	0	AP
Gypsy, Roma, Traveller (GRT) Additional Pitches	100	500	1,000	PB
Gorse Ride Regeneration Project Management	60	60	60	PB
Laptop Refresh	0	350	0	AP
Carnival Pool Leisure Facilities Redevelopment	0	10,000	0	JH
Gorse Ride Regeneration (Phase 4,5 & 6)	0	3,205	0	PB
Corporate Services	26,807	31,774	12,959	

Project (Description)	2019/20 £'000	2020/21 £'000	2021/22 £'000	Responsible Member
SCAPE - Road Infrastructure (dist. roads etc.)	35,847	47,875	27,797	SM
GCN District Level Licence	4,800	0	0	JH
Shinfield Eastern Relief Road	4,386	3,986	3,491	SM
Housing (Tenants Services)	4,100	4,100	4,100	PB
Land Acquisition for Major Road Schemes	4,000	0	0	SM
Purchase of Council Houses HRA (1 for 1)	8,000	2,054	2,054	PB
Toutley Highways Depot Modernisation and Contract Mobilisation	2,620	0	0	PJ
Highways Carriageways Structural Maintenance	2,280	2,280	2,280	PJ
Payment of Commuted Sums	1,673	190	0	AP
Gorse Ride Regeneration (Phase 1)	1,579	2,884	0	PB
Wokingham Borough Cycle Network	1,309	500	500	PJ
Greenways	1,000	1,000	1,000	JH
A4 Public Transport Corridor Improvements - Shepherds Hill to TVP P&R	1,000	0	0	PJ
HRA Future Build Programmes	945	0	0	PB
Park and Ride Schemes	900	0	0	PJ
Mandatory Disabled Facility Grants	806	950	950	PB
Cantley Park Destination Play Area Project	605	0	0	JH
Nine Mile Ride Extension	520	576	6,419	PJ
Completed Road Schemes Retention	475	0	0	PJ
Safety / Crash Barriers	450	750	750	PJ

Project (Description)	2019/20 £'000	2020/21 £'000	2021/22 £'000	Responsible Member
Self-Build Project	450	0	0	PB
Food Waste Collection	450	20	20	JH
Wokingham Town Centre Regeneration Environmental Improvements	380	300	300	PJ
Borough Wide Non SDL Play Area Enhancement Project	360	360	310	JH
California Crossroads	350	3,900	1,447	PJ
Library Offer	350	0	0	JH
Coppid Beech Park and Ride	300	2,700	0	PJ
Integrated Transport Schemes	250	250	250	PJ
Traffic Signal Upgrade Programme	250	250	250	PJ
Highway Drainage Schemes	200	200	200	PJ
Bridge Strengthening	200	3,000	225	PJ
Feasibility Case for Developing New Crematorium	175	225	3,300	JH
Longmoor Lake Reservoir Lake Outlet	150	0	0	JH
Shinfield SDL Community Centre	136	1,000	0	SM
Refresh of Libraries Public IT Estate	104	0	0	JH
Highways Footway Structural Maintenance Programme	100	100	100	PJ
Byways	100	100	100	PJ
Winnersh Triangle Parkway	100	500	0	PJ
Coppid Beech Northbound on-slip Widening	100	200	2,603	PJ
Waste Schemes – Recycling	89	89	89	JH
Bus Stop Infrastructure Works to Support North Arborfield SDL Bus Strategy	71	54	0	PJ
Dinton Activity Centre Project	50	1,750	0	JH
Sports Provision Across the Borough	40	3,000	3,000	JH
Wokingham Biodiversity Capital Projects	25	25	25	JH
Street Lighting Column Structural Testing	20	0	20	PJ

Project (Description)	2019/20 £'000	2020/21 £'000	2021/22 £'000	Responsible Member
Strengthening Approach Embankments to Bridges	20	20	1,500	PJ
Rural Byways	20	0	0	JH
Public Rights of Way Network	0	737	737	JH
Highway Infrastructure Flood Alleviation Schemes	0	1,000	0	PJ
Wokingham Highways Investment Strategy (WHIS)	0	3,850	2,968	PJ
Locality & Customer Services	82,135	90,775	66,785	

Project (Description)	2019/20 £'000	2020/21 £'000	2021/22 £'000	Responsible Member
Repayment of Forward Funding	6,155	5,169	8,626	AP
Repayment of Forward Funding	6,156	5,169	8,626	

	2019/20 £'000	2020/21 £'000	2021/22 £'000	Responsible Member
Total Medium Term Financial Plan Capital Programme	237,197	150,442	98,736	

**Key for responsible member**

Lead member	Name	Responsibility
PB	Parry Bath	Health and Wellbeing, Adult Social Care & Housing
AP	Anthony Pollock	Finance, HR and Corporate Resources
PJ	Pauline Jorgensen	Highways and Transport
SW	Simon Weeks	Planning and Enforcement
JH	John Halsall	Environment, Leisure and Libraries
PHS	Pauline Helliard-Symons	Children's Services
SM	Stuart Munro	Business, Economic Development & Strategic Planning
PM	Philip Mirfin	Regeneration

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Project (Description)	Key areas	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Responsible Member
Older People's Dementia Home	Promoting quality of life for vulnerable adults	250	2,750	2,250	0	0	0	0	0	0	0	PB
Investment in Manual Handling Equipment to Reduce Domiciliary Care Costs	Promoting quality of life for vulnerable adults	89	89	89	89	89	89	89	89	89	89	PB
Day Service Provision for Physically Disabled	Promoting quality of life for vulnerable adults	50	0	0	0	0	0	0	0	0	0	PB
H&W Urgent Maintenance & Refurbishment	Promoting quality of life for vulnerable adults	50	50	50	50	50	50	50	50	50	50	PB
Project Management Costs for New Enhanced Assistive Technology Service	Promoting quality of life for vulnerable adults	25	10	10	10	10	0	0	0	0	0	PB
Investment in Assistive Technology to Reduce Domiciliary Care Costs	Promoting quality of life for vulnerable adults	5	24	44	63	82	0	0	0	0	0	PB
Adult social care Asset enhancement / new build		469	2,923	2,443	212	231	139	139	139	139	139	

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Project (Description)	Key areas	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Responsible Member
Gorse Ride Regeneration	Affordable Housing	6,043	13,789	3,122	4,760	1,562	0	1,944	0	0	0	PB
Payment of Commuted sums	Affordable Housing	1,673	190	0	0	0	0	0	0	0	0	AP
Self-Build Project	Affordable Housing	450	0	0	0	0	0	0	0	0	0	PB
Gorse Ride Regeneration Project Management	Affordable Housing	60	60	60	60	60	60	60	60	0	0	PB
Affordable housing initiatives		8,226	14,039	3,182	4,820	1,621	60	2,004	60	0	0	
Park and Ride Schemes	Traffic congestion	900	0	0	0	0	0	0	0	0	0	PJ
Coppid Beech Park and Ride	Traffic congestion	300	2,700	0	0	0	0	0	0	0	0	PJ
Car parking		1,200	2,700	0	0	0	0	0	0	0	0	
Cantley Park Destination Play Area Project	Clean, green and enjoyable spaces	605	0	0	0	0	0	0	0	0	0	JH
Borough Wide Non SDL Play Area Enhancement Project	Clean, green and enjoyable spaces	360	360	310	0	0	0	0	0	0	0	JH
Country parks & play areas		965	360	310	0	0	0	0	0	0	0	
Shinfield SDL Community Centre	Sustainable towns and parishes	136	1,000	0	0	0	0	0	0	0	0	SM
Cultural enhancement/new build		136	1,000	0	0	0	0	0	0	0	0	



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Project (Description)	Key areas	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Responsible Member
Wokingham Borough Cycle Network	Traffic congestion	1,309	500	500	1,000	1,000	1,000	1,000	1,000	1,000	1,000	PJ
Cycle infrastructure improvement scheme		1,309	500	500	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Repayment of Forward Funding	Economic prosperity	6,155	5,169	8,626	18,681	11,224	17,349	21,781	16,148	3,218	8,008	AP
Developer contributions (forward funded schemes)		6,155	5,169	8,626	18,681	11,224	17,349	21,781	16,148	3,218	8,008	
Highway Drainage Schemes	Sustainable towns and parishes	200	200	200	200	200	200	200	200	200	200	PJ
Highway Infrastructure Flood Alleviation Schemes	Sustainable towns and parishes	0	1,000	0	0	0	0	0	0	0	0	PJ
Longmoor Lake Reservoir Lake Outlet	Sustainable towns and parishes	150	0	0	0	0	0	0	0	0	0	JH
Flood Alleviation / Drainage		350	1,200	200	200	200	200	200	200	200	200	
Greenways	Traffic congestion	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	JH
South Wokingham Railway Crossings (Foot and cycle)	Traffic congestion	0	0	0	1,500	1,500	1,500	1,500	0	0	0	PJ
Byways	Traffic congestion	100	100	100	0	0	0	0	0	0	0	PJ
Rural Byways	Traffic congestion	20	0	0	0	0	0	0	0	0	0	JH
Foot/bridal/cycle ways enhancements/new build		1,120	1,100	1,100	2,500	2,500	2,500	2,500	1,000	1,000	1,000	
Strengthening Approach Embankments to Bridges	Sustainable towns and parishes	20	20	1,500	20	1,780	20	20	20	20	20	PJ
Bridge Strengthening	Sustainable towns and parishes	200	3,000	225	225	225	225	225	225	225	225	PJ
Highway Bridges		220	3,020	1,725	245	2,005	245	245	245	245	245	

Project (Description)	Key areas	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Responsible Member
Highways Carriageways Structural Maintenance	Traffic congestion	2,280	2,280	2,280	2,280	2,280	2,280	2,280	2,280	2,280	2,280	PJ
Highways and Maintenance		2,280	2,280	2,280	2,280	2,280	2,280	2,280	2,280	2,280	2,280	
Highways Footway Structural Maintenance Programme	Traffic congestion	100	100	100	100	100	100	100	100	100	100	PJ
Highways Footway Structural Maintenance & improvement		100	100	100	100	100	100	100	100	100	100	

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Project (Description)	Key areas	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Responsible Member
Childrens and Education Transformation Programme	Ensuring opportunity for all children	1,500	0	0	0	0	0	0	0	0	0	PHS
ASC and Optalis Transformation Programme	Promoting quality of life for vulnerable adults	1,500	0	0	0	0	0	0	0	0	0	PB
Maintaining an Enhanced Level of IT Infrastructure	Economic prosperity	300	300	300	300	300	300	300	300	300	300	AP
IT Refresh	Economic prosperity	275	0	0	0	0	0	0	0	0	0	AP
Replacement of the Fundamental Operating System for CRM / Workflow	Economic prosperity	250	150	0	0	0	0	0	0	0	0	AP
Refresh of Libraries Public IT Estate	Economic prosperity	104	0	0	0	0	0	0	0	0	0	JH
Network Hardware Replacement	Economic prosperity	100	100	100	100	100	100	100	100	100	100	AP
Connected Care	Economic prosperity	100	100	100	100	100	100	100	0	0	0	PB
IT Network Capability and Resilience Improvement	Economic prosperity	100	35	0	100	0	0	100	0	0	100	AP
Children in Care Website Upgrade	Ensuring opportunity for all children	30	0	0	0	0	0	0	0	0	0	PHS
Special Educational Needs Website Development	Ensuring opportunity for all children	30	0	0	0	0	0	0	0	0	0	PHS
Laptop Refresh	Economic prosperity	0	350	0	0	0	0	0	0	0	0	AP
IT Systems (including hardware/software)		4,289	1,035	500	600	500	500	600	400	400	500	

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Project (Description)	Key areas	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Responsible Member
Bulmershe Swimming Pool / Leisure Centre - New build	Encouraging physical and mental wellbeing	9,044	1,000	0	0	0	0	0	0	0	0	JH
Leisure Centre Refurbishments / Upgrades - Across the Borough (x5 facilities)	Encouraging physical and mental wellbeing	375	75	75	75	75	75	75	75	75	75	JH
Dinton Activity Centre Project	Encouraging physical and mental wellbeing	50	1,750	0	0	0	0	0	0	0	0	JH
Sports Provision Across the Borough	Sustainable towns and parishes	40	3,000	3,000	580	0	0	0	0	0	0	JH
8 New Pool at Arborfield	Encouraging physical and mental wellbeing	0	0	0	1,000	6,000	0	0	0	0	0	JH
Carnival Pool Leisure Facilities Redevelopment	Encouraging physical and mental wellbeing	0	10,000	0	0	0	0	0	0	0	0	JH
Leisure Facilities		9,509	15,825	3,075	1,655	6,075	75	75	75	75	75	
Mandatory Disabled Facility Grants	Promoting quality of life for vulnerable adults	806	950	950	950	950	950	950	950	950	950	PB
Mandatory Disabled Facility Grants		806	950	950	950	950	950	950	950	950	950	

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Project (Description)	Key areas	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Responsible Member
SCAPE - Road Infrastructure (dist roads etc)	Sustainable towns and parishes	35,847	47,875	27,797	0	0	0	0	0	0	0	SM
Shinfield Eastern Relief Road	Sustainable towns and parishes	4,386	3,986	3,491	2,751	1,307	654	0	0	0	0	SM
Land Acquisition for Major Road Schemes	Sustainable towns and parishes	4,000	0	0	0	0	0	0	0	0	0	SM
A4 Public Transport Corridor Improvements - Shepherds Hill to TVP P&R	Sustainable towns and parishes	1,000	0	0	0	0	0	0	0	0	0	PJ
Nine Mile Ride Extension	Sustainable towns and parishes	520	576	6,419	1,584	0	0	0	0	0	0	PJ
Completed Road Schemes Retention	Traffic congestion	475	0	0	0	0	0	0	0	0	0	PJ
Wokingham Town Centre Regeneration Environmental Improvements	Sustainable towns and parishes	380	300	300	0	0	0	0	0	0	0	PJ
California Crossroads	Sustainable towns and parishes	350	3,900	1,447	0	350	0	0	0	0	0	PJ
Integrated Transport Schemes	Sustainable towns and parishes	250	250	250	400	400	400	400	400	400	400	PJ
Traffic Signal Upgrade Programme	Sustainable towns and parishes	250	250	250	250	250	250	250	250	250	250	PJ
Winnersh Triangle Parkway	Sustainable towns and parishes	100	500	0	0	0	0	0	0	0	0	PJ
Coppid Beech Northbound on-slip Widening	Sustainable towns and parishes	100	200	2,603	0	0	0	0	0	0	0	PJ
Bus Stop Infrastructure Works to Support North Arborfield SDL Bus Strategy	Sustainable towns and parishes	71	54	0	0	30	30	30	0	0	0	PJ
Public Rights of Way Network	Sustainable towns and parishes	0	737	737	737	737	737	737	737	737	737	JH
Wokingham Highways Investment Strategy (WHIS)	Traffic congestion	0	3,850	2,968	8,871	10,258	9,701	10,111	9,996	7,130	5,855	PJ
Road & Highways infrastructure improvement scheme		47,729	62,478	46,262	14,593	13,332	11,772	11,528	11,383	8,517	7,242	

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Project (Description)	Key areas	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Responsible Member
Safety / Crash Barriers	Sustainable towns and parishes	450	750	750	750	750	750	750	750	750	750	PJ
Safety / Crash Barriers		450	750	750	750	750	750	750	750	750	750	
Primary Strategy - Arborfield Primary school	Ensuring opportunity for all children	7,000	2,000	0	0	0	0	0	0	0	0	PHS
Primary Strategy - Matthews Green	Ensuring opportunity for all children	6,000	2,000	0	0	0	0	0	0	0	0	PHS
Addington Special School Expansion	Ensuring opportunity for all children	4,500	0	0	0	0	0	0	0	0	0	PHS
Schools Urgent Maintenance	Ensuring opportunity for all children	630	630	630	630	630	630	630	630	630	630	PHS
Basic Needs Primary Programme	Ensuring opportunity for all children	500	1,500	2,000	2,500	3,000	3,500	4,000	0	0	0	PHS
Schools Devolved Formula	Ensuring opportunity for all children	375	375	375	375	375	375	375	375	375	375	PHS
New Secondary School in South-West to Meet Demand Due to SDL and Other Developments	Ensuring opportunity for all children	350	216	0	0	0	0	0	0	0	0	PHS
Foundry College Accommodation Project	Ensuring opportunity for all children	255	0	0	0	0	0	0	0	0	0	PHS
Primary Strategy - Shinfield West FFE	Ensuring opportunity for all children	235	75	50	30	30	30	30	0	0	0	PHS
Wescott Resource Base Expansion	Ensuring opportunity for all children	225	0	0	0	0	0	0	0	0	0	PHS
Healthy Pupils Capital Fund Programme	Ensuring opportunity for all children	153	0	0	0	0	0	0	0	0	0	PHS

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Project (Description)	Key areas	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Responsible Member
School Kitchens	Ensuring opportunity for all children	100	100	100	100	100	100	100	100	100	100	PHS
SEND Investment Programme 2017 to 2020	Ensuring opportunity for all children	100	307	0	0	0	0	0	0	0	0	PHS
Primary Strategy - Montegue Park	Ensuring opportunity for all children	37	34	34	34	11	0	0	0	0	0	PHS
Primary Strategy - East Park Farm	Ensuring opportunity for all children	27	27	0	0	0	0	0	0	0	0	PHS
Primary Strategy - Windmill Pri. Sch	Ensuring opportunity for all children	27	22	0	0	0	0	0	0	0	0	PHS
ICT Equipment for Children in Care	Ensuring opportunity for all children	22	22	22	22	22	22	22	22	22	22	PHS
Primary Strategy - Wheatfield Pri. Sch	Ensuring opportunity for all children	22	22	0	0	0	0	0	0	0	0	PHS
Schools Access	Ensuring opportunity for all children	0	0	0	45	45	45	45	45	45	45	PHS
Basic Needs Secondary - Additional Places	Ensuring opportunity for all children	0	0	0	968	968	968	968	968	968	968	PHS
Primary Strategy - Spencer's Wood Primary School	Ensuring opportunity for all children	0	0	0	4,000	3,500	1,000	0	0	0	0	PHS
Primary Strategy - Spencer's Wood Primary School	Ensuring opportunity for all children	0	0	0	113	38	25	15	15	15	15	PHS
Primary Strategy - Arborfield Primary school	Ensuring opportunity for all children	0	225	75	50	30	30	30	30	0	0	PHS
Primary Strategy - Matthews Green	Ensuring opportunity for all children	0	113	38	25	15	15	15	15	5	0	PHS
<b>Schools</b>		<b>20,558</b>	<b>7,668</b>	<b>3,324</b>	<b>8,892</b>	<b>8,764</b>	<b>6,740</b>	<b>6,230</b>	<b>2,200</b>	<b>2,160</b>	<b>2,155</b>	

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Project (Description)	Key areas	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Responsible Member
Housing (Tenants Services)	Provide affordable homes;	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	PB
Purchase of Council Houses HRA (1 for 1)	Provide affordable homes;	8,000	2,054	2,054	2,500	2,500	2,500	2,500	2,500	2,500	2,500	PB
HRA Future Build Programmes	Provide affordable homes;	945	0	0	0	0	0	0	0	0	0	PB
Temporary Accommodation Improvement Works at Grovelands Park (Non HRA assets)	Provide affordable homes;	600	0	0	0	0	0	0	0	0	0	PB
Environmental Improvement works at Carters Hill (Non HRA assets)	Provide affordable homes;	500	0	0	0	0	0	0	0	0	0	PB
Gypsy, Roma, Traveller (GRT) Additional Pitches	Provide affordable homes;	100	500	1,000	0	0	0	0	0	0	0	PB
Social Housing		14,245	6,654	7,154	6,600	6,600	6,600	6,600	6,600	6,600	6,600	



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Project (Description)	Key areas	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Responsible Member
Strategic Property and Commercial Assets	Economic prosperity	55,000	0	0	0	0	0	0	0	0	0	SM
GCN District Level Licence	Sustainable towns and parishes	4,800	0	0	0	0	0	0	0	0	0	JH
Toutley Highways Depot Modernisation and Contract Mobilisation	Sustainable towns and parishes	2,620	0	0	0	0	0	0	0	0	0	PJ
Bulmershe Campus Access Improvement Works	Encouraging physical and mental wellbeing	750	0	0	0	0	0	0	0	0	0	JH
Property Maintenance and Compliance	Economic prosperity	350	350	350	350	350	350	350	350	350	350	AP
Library Offer	Sustainable towns and parishes	350	0	0	0	0	0	0	0	0	0	JH
Support Services Energy Reduction Schemes	Economic prosperity	250	250	250	250	250	250	250	250	250	250	JH
Communications and Engagement	Sustainable towns and parishes	250	250	250	250	250	250	250	250	250	250	SM
Feasibility Case for Developing New Crematorium	Sustainable towns and parishes	175	225	3,300	300	0	0	0	0	0	0	JH
Commercial Property Site Initial Design Work	Sustainable towns and parishes	85	0	0	0	0	0	0	0	0	0	PM
Wokingham Biodiversity Capital Projects	Sustainable towns and parishes	25	25	25	0	0	0	0	0	0	0	JH
Commercial Portfolio - Improvement to WBC Commercial Properties	Sustainable towns and parishes	0	0	0	100	100	100	100	100	100	100	SM
Strategic asset enhancement/New build		64,655	1,100	4,175	1,250	950	950	950	950	950	950	
Central Contingency	Sustainable towns and parishes	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	AP
Strategic Capital Reserve		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	

Project (Description)	Key areas	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Responsible Member
Street Lighting Column Structural Testing	Sustainable towns and parishes	20	0	20	0	20	0	20	0	20	0	PJ
Street Lighting Asset Replacement & column testing		20	0	20	0	20	0	20	0	20	0	
Town Centre Regeneration - Elms Field	Sustainable towns and parishes	37,953	1,028	0	0	0	0	0	0	0	0	PM
Carnival Pool Area Redevelopment	Sustainable towns and parishes	2,624	10,454	3,951	6,357	0	0	0	0	0	0	PM
Peach Place New Development	Sustainable towns and parishes	1,700	0	0	0	0	0	0	0	0	0	PM
Town Centre Regeneration		42,277	11,482	3,951	6,357	0	0	0	0	0	0	
Food Waste Collection	Clean, green and enjoyable spaces	450	20	20	20	20	20	20	20	20	20	JH
Waste Schemes - Recycling	Clean, green and enjoyable spaces	89	89	89	89	89	89	89	89	89	89	JH
Waste Schemes		539	109	109	109	109	109	109	109	109	109	
WBC (Holdings) Ltd Loan	Economic prosperity	7,590	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	AP
Wokingham Housing Limited		7,590	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	
Full council		237,197	150,442	98,736	79,794	67,211	60,319	66,061	52,589	36,713	40,303	

### Key for responsible member

Lead member	Name	Responsibility

## Wokingham Borough 10 Year Capital Vision by Asset Type

Appendix C

<b>PB</b>	<b>Parry Bath</b>	<b>Health and Wellbeing, Adult Social Care &amp; Housing</b>
<b>AP</b>	<b>Anthony Pollock</b>	<b>Finance, HR and Corporate Resources</b>
<b>PJ</b>	<b>Pauline Jorgensen</b>	<b>Highways and Transport</b>
<b>SW</b>	<b>Simon Weeks</b>	<b>Planning and Enforcement</b>
<b>JH</b>	<b>John Halsall</b>	<b>Environment, Leisure and Libraries</b>
<b>PHS</b>	<b>Pauline Helliard-Symons</b>	<b>Children's Services</b>
<b>SM</b>	<b>Stuart Munro</b>	<b>Business, Economic Development &amp; Strategic Planning</b>
<b>PM</b>	<b>Philip Mirfin</b>	<b>Regeneration</b>

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## Below are schemes which have been identified to be part / fully funded by Developers Contributions

The Executive are asked to approve the allocation of Section 106 and Community Infrastructure Levy (CIL) funding up to the value of the budget of each scheme.

The schemes shown below are Schemes which are eligible for developer contributions. The budget shown is the full budget of the schemes and this document is asking for approval for either S106 or Cil to fully fund or partially fund.

Project (Description)	Total Budget for scheme- Request to fund up to this amount from Developer contributions			
	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total
Completed Road Schemes Retention	475	0	0	475
Basic Needs Primary Programme	500	1,500	2,000	4,000
New Secondary School in South-West to Meet Demand Due to SDL and Other Developments	350	216	0	566
Bulmershe swimming pool/Leisure centre - New build	9,044	1,000	0	10,044
Public Rights of Way Network	0	737	737	1,473
Wokingham Borough Cycle Network	1,309	500	500	2,309
Greenways	1,000	1,000	1,000	3,000
Shinfield Eastern Relief Road	4,386	3,986	3,491	11,863
Nine Mile Ride Extension	520	576	6,419	7,515
Park and Ride Schemes	900	0	0	900
Sports Provision Across the Borough	40	3,000	3,000	6,040
Town Centre Regeneration - Elms Field	37,953	1,028	0	38,981
Repayment of Forward Funding	6,158	5,171	8,626	19,955
California Crossroads	350	3,900	1,447	5,697
Primary strategy - East Park Farm	27	27	0	54
Primary strategy - Wheatfield Pri. Sch	22	22	0	44
Primary strategy - Windmill Pri. Sch	27	22	0	49
Primary strategy - Montegue Park	37	34	34	105
Primary strategy - Arborfield Primary school	7,000	2,225	75	9,300
Primary strategy - Matthews Green	6,000	2,113	38	8,150

**Below are schemes which have been identified to be part / fully funded by  
Developers Contributions**

Primary strategy - Shinfield west FFE	235	75	50	360
Purchase of council houses HRA (1 for 1)	8,000	2,054	2,054	12,108
Carnival Pool Leisure Facilities Redevelopment	0	10,000	0	10,000
Borough Wide Non SDL Play Area Enhancement Project	360	360	310	1,030
Cantley Park Destination Play Area Project	605	0	0	605
Shinfield SDL Community Centre	136	1,000	0	1,136
Gorse Ride Regeneration (Phase 1)	1,579	2,884	0	4,462
Gorse Ride Regeneration (Phase 2 & 3)	4,463	7,699	3,124	15,286
Gorse Ride Regeneration (Phase 4,5 & 6)	0	3,205	0	3,205
Self-Build Project	450	0	0	450
Payment of Commuted sums	1,673	190	0	1,863
SCAPE - Road infrastructure (dist roads etc)	35,847	47,875	27,797	111,519
Gorse Ride Regeneration Project Management	60	60	60	180
Winnersh Triangle Parkway	100	500	0	600
Coppid Beech Park and Ride	300	2,700	0	3,000
Coppid Beech Northbound on-slip widening	100	200	2,603	2,903
Bus Stop Infrastructure Works to Support North Arborfield SDL Bus Strategy	71	54	0	125
Rural Byways	20	0	0	20
Foundry College Accommodation Project	255	0	0	255
Addington Special School Expansion	4,500	0	0	4,500
Feasibility Case for Developing New Crematorium	175	225	3,300	3,700
Wokingham Biodiversity Capital Projects	25	25	25	75
Leisure Centre Refurbishments/upgrades across the borough (x5 facilities)	375	75	75	525
Refresh of Libraries public IT estate	104	0	0	104
<b>Total</b>	<b>135,531</b>	<b>106,238</b>	<b>66,765</b>	<b>308,532</b>

### **Wokingham Borough Council Capital Commercial Activities**

Project (Description)	Reason for activity	2019/20 £'000	2020/21 £'000	2021/22 £'000	Responsible Member
Strategic Property and Commercial Assets	Borough regeneration	55,000	0	0	SM
Town Centre Regeneration - Elms Field	Borough regeneration	37,953	1,028	0	PM
Carnival Pool Area Redevelopment	Borough regeneration	2,624	10,454	3,951	PM
Peach Place New Development	Borough regeneration	1,700	0	0	PM
Commercial Property Site Initial Design Work	Borough economic prosperity	85	0	0	PM
WBC (Holdings) Ltd Loan	Housing	7,590	6,000	6,000	AP
Total Commercial Activity		104,952	17,482	9,951	

Please refer to the Treasury Management Strategy for further financial information of the assets.

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<b>TITLE</b>	<b>Treasury Management Strategy 2019/22 – 2021/22</b>
<b>FOR CONSIDERATION BY</b>	The Executive on Thursday, 21 February 2019
<b>WARD</b>	None Specific;
<b>LEAD OFFICER</b>	Deputy Chief Executive – Graham Ebers
<b>LEAD MEMBER</b>	Executive Member for Finance, HR & Corporate Services – Anthony Pollock

## **PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)**

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 whilst providing sustainable funding for the capital programme.

## **RECOMMENDATION**

The Executive is asked to recommend to the Council for approval the following:

- 1) Capital Prudential indicators, 2019/20;
- 2) Borrowing strategy 2019/20;
- 3) Annual Investment Strategy 2019/20;
- 4) Flexible use of capital receipts strategy;
- 5) MRP policy; and
- 6) Treasury indicators: limits to borrowing activity 2019/20.

## **EXECUTIVE SUMMARY**

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 during the year: a mid-year monitoring report and post-year end outturn report. A key requirement of this report is to explain the risks associated with the treasury service and how they will be managed.

The key changes from previous strategies are as follows:

- Increase the duration the council can invested in other local authorities from 365 days to 732 days (see Appendix D)
- Commercial activities are now shown separately for borrowing and return on investment - Wokingham Housing Limited (WHL), Wokingham Town Centre Regeneration (WTCR), Housing Revenue Account (HRA), commercial property investment portfolio
- Rephasing of borrowing into future years due to re-profiling of capital expenditure

- Amendment to the MRP policy on in-borough properties – the council will now charge 10% of value over the economic life of the asset per year (i.e. 15 years will be 0.667% per annum), whilst the balance will be underwritten by the asset value.

## BACKGROUND

The Council must operate a balanced budget; this means cash raised during the year should meet its cash expenditure. A key part of the Council's treasury management operations is to ensure that this cash flow is adequately planned and managed, with temporarily surplus monies being invested in suitable low risk counterparties, thus 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 prudential borrowing need of the Council; essentially the longer term cash flow planning to ensure the Council can meet its capital expenditure programme. This management of longer term cash may involve arranging long or short term loans or using longer term cash flow surpluses (internal borrowing). On occasion, debt previously drawn may be restructured to meet Council risk or cost objectives.

## BUSINESS CASE (including Options and Evidence of Need)

### External Debt

For 2019/20, the Council's level of external debt is estimated to increase by £125m to £304m. This increase is a prudent estimate based on the capital expenditure plans but will be influenced by the rate of delivery of the capital programme.

	2018/19 Estimated Outturn £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000
CFR (Year-end position)	334,954	468,375	524,448	547,536
Less other long term liabilities	(8,600)	(8,600)	(8,600)	(8,600)
<b>Expenditure to be funded by borrowing</b>	<b>326,354</b>	<b>459,775</b>	<b>515,848</b>	<b>538,936</b>
External Borrowing c/fwd.	(145,256)	(181,908)	(295,170)	(348,182)
Loan Maturities	3,348	2,738	41,988	3,482
New Loans	(40,000)	(116,000)	(95,000)	(30,000)
<b>External borrowing</b>	<b>(181,908)</b>	<b>(295,170)</b>	<b>(348,182)</b>	<b>(374,700)</b>
Internal borrowing	(144,446)	(164,605)	(167,666)	(164,236)
External Borrowing	(181,908)	(295,170)	(348,182)	(374,700)
<b>Total borrowing</b>	<b>(326,354)</b>	<b>(459,775)</b>	<b>(515,848)</b>	<b>(538,936)</b>
Expenditure to be funded by borrowing	326,354	459,775	515,848	538,936
<b>Variance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The total forecast additional borrowing (£539M - £327M = £212M) (as Appendix A paragraph 10) will be fully met by the following resources within 20 years

- Returns on investments from WTCR and WHL including capital receipts
- Returns on investments from Commercial properties
- Developer contributions from forward funded programmes

The Council will only borrow when needed and the decision on the optimum time to borrow will be taken by the Chief Finance Officer.

## Capital Expenditure

For 2019/20 capital expenditure is £237m; all capital expenditure must be for the benefit of the local taxpayer and in accordance with the Council's Borough Plan and its priorities. The table below shows the three-year programme by council key priorities:

	Year 1 2019/20	Year 2 2020/21	Year 3 2021/22	Total
Asset area greater than 10m in year 1	£'000	£'000	£'000	£'000
Strategic asset enhancement/New build	64,655	1,100	4,175	69,930
Road & Highways infrastructure improvement scheme	47,729	62,478	46,261	156,468
Town Centre Regeneration	42,276	11,482	3,951	57,710
Schools	20,558	7,667	3,323	31,548
Social Housing	22,470	20,692	10,338	53,499
<b>Subtotal</b>	<b>197,688</b>	<b>103,418</b>	<b>68,049</b>	<b>369,155</b>
Assets area less than 10m in year	39,509	47,023	30,688	117,220
<b>Total</b>	<b>237,197</b>	<b>150,442</b>	<b>98,736</b>	<b>486,375</b>

## Investment forecast year end outturn

For 2019/20 the budgeted returns on investments (external and internal companies) is set to increase from 2018/19 estimated outturn by £3m to £3.6m. This increase is due to further investment in the commercial activities of the Council. The interest received will be used to repay the debt-financing costs on the borrowing of the commercialisation agenda and make a contribution to the Council's balances.

	2018/19 Estimated Outturn £'000	2019/20 Budget £'000	2020/21 Budget £'000
<b>Commercial activities *</b>	<b>(2,515)</b>	<b>(3,182)</b>	<b>(3,357)</b>
<b>Local Authorities/fund managers *</b>	<b>(546)</b>	<b>(451)</b>	<b>(451)</b>
	<b>(3,061)</b>	<b>(3,634)</b>	<b>(3,808)</b>

- Note: \* interest is charged for loans to be commercial activities, which are as follow:

Wokingham Housing Limited (WHL)  
Wokingham Town Centre Regeneration (WTCR)  
Housing Revenue Account (HRA)  
Commercial property investment portfolio

## Appendices

Treasury Management Strategy 2019/20 – 2020/21  
Capital Programme and funding 2019/20 to 2021/22  
Prudential Indicators forecast 2019/2022  
Investment policies and strategies  
Treasury Management Practice (TMP1)  
Approved counter parties  
Minimum revenue provision policy (MRP)  
Treasury management scheme of delegation  
The treasury management role of the section 151 officer  
Glossary of terms

Appendix A  
Appendix B  
Appendix C  
Appendix D  
Appendix D  
Appendix E  
Appendix F  
Appendix G  
Appendix G  
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)	£237m capital £3.0m revenue income	Yes all figures will be incorporated into the MTFP	Revenue & Capital
Next Financial Year (Year 2)	£150m capital £3.6m revenue income	Yes all figures will be incorporated into the MTFP	Revenue & Capital
Following Financial Year (Year 3)	£98.7m Capital £3.8m revenue income	Yes all figures will be incorporated into the MTFP	Revenue & Capital

<b>Other Financial Information</b>
None

<b>Stakeholder Considerations and Consultation</b>
N/A

<b>Resourcing and Timeline for Next Steps</b>
N/A

<b>Timeline for Review and Evaluation</b>
N/A

<b>List of Background Papers</b>
Appendices as listed above

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# **WOKINGHAM BOROUGH COUNCIL**



# **WOKINGHAM BOROUGH COUNCIL**

## **Treasury Management Treasury Management Strategy Report 2019-20**

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## 1. Introduction

This report presents the Council's Treasury Management Strategy for 2019-20 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 including investment in assets***
- 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.

### Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training for members will be arranged in the period covered by this report.

The training needs of treasury management officers are periodically reviewed.

### Treasury management consultants

The Council uses Link Asset Services Treasury Solutions (LAS TS) as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which

their value will be assessed are properly agreed and documented, and subjected to regular review.

## 2. Treasury management policy statement

### Factors that shape the Treasury Strategy



Wokingham Borough Council Treasury Management Policy Statement for 2019/20 is:

- The Council defines its treasury management activities as:
  - the management of the Council's investments and cash flows, banking, money market and capital market transactions,
  - the effective control of the risks associated with above mentioned activities and,
  - The pursuit of optimum performance consistent with those risks.
- The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.
- The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

### 3. The Economy and Interest Rates forecast

#### World update

Most European stocks rose to near two month highs on the 25-01-19, following gains on Wall Street the day before, and further helped by US Treasury Secretary saying that the US and China were “making a lot of progress” on trade talks, The DAX and CAC close 1.4% and 1.1% higher respectively. By contrast the FTSE dipped by 0.1% to post a fourth successive negative session dragged lower by Vodafone, which stumbled to an eight and a half year low, and stronger Sterling, which pushed to a fourteen week high 1.3201, helped by news that the Democratic Unionist Party will support the PMs Brexit deal this week and hopes that exit from the EU will not occur without a deal. Wall Street closed strongly higher, with gains of 0.75-1.3% on the news of the government reopening. Asia/Pacific markets have had a mixed session this morning, as investors remain cautious ahead of earnings reports. The Nikkei turned lower as the Yen firmed but gains were seen in Sydney, lifted by energy and mining stocks.

#### UK update

According to the CBI Distributive Trades Survey, retail sales volumes were unchanged in the year to this month, following the contraction in December. The outlook for the coming months is more upbeat, with sales volumes and orders expected to increase next month. In December The British Bankers Association reported that mortgages approvals are up by 6.4% from a year earlier. Net mortgage lending rose to £1.325bn, the weakest since August 2016, with credit card lending falling by £0.02bn, the largest fall since April 2016.

#### Investments

The December MPC meeting delivered the expected no change vote with a unanimous 9-0 vote. The November Inflation Report suggested that inflation could breach the target level within the three year time horizon and later comments that the budget measures had the “potential to be significant” will add to the view that the Bank has its finger on the rate trigger, but has been restrained by the impasse over Brexit. A February/March rate hike is off the table. The markets are still slightly pricing in a hike later in the year, the expectations for November/December rated around 50% likely.

The markets' expectations of a rate cut by the end of this year are seen as about 5% in December, but the possibility has been weakened by a potential of a Brexit delay. Given the volatility of sentiment, and the UK's uncertain Brexit position, the prospect that 2019 may pass without a rate hike remains a possibility

**Table 2: Interest rate forecast @ 28-01-19:**

	Mar 2019	Jun 2019	Sept 2019	Dec 2019	Mar 2020	Jun 2020	Sept 2020	Dec 2020
<b>Bank rate</b>								
Link	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%
Cap econ	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.00%	2.00%
<b>5yr PWLB rate</b>								
Link	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%
Cap econ	1.90%	2.20%	2.40%	2.70%	2.70%	2.80%	2.80%	2.90%
<b>10yr PWLB rate</b>								
Link	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%
Cap econ	2.30%	2.60%	2.80%	3.10%	3.10%	3.10%	3.10%	3.10%
<b>25yr PWLB rate</b>								
Link	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%
Cap econ	2.80%	3.10%	3.30%	3.60%	3.50%	3.50%	3.40%	3.40%
<b>50yr PWLB rate</b>								
Link	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%
Cap econ	2.70%	2.90%	3.20%	3.20%	3.40%	3.40%	3.40%	3.40%

#### 4. The Council's Capital Expenditure and Financing 2019/20

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 prudential borrowing (internal or external).

The capital expenditure plan is one of the key drivers of the treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

**Table 3a: Capital expenditure**

	2018/19 Estimated outturn	2019/20 Budget	2020/21 Budget	2021/22 Budget
	£'000	£'000	£'000	£'000
Council's infrastructure capital	81,923	119,200	126,806	82,631
HRA	6,995	13,045	6,154	6,154
Commercial activities	56,602	104,952	17,482	9,951
<b>Total</b>	<b>145,520</b>	<b>237,197</b>	<b>150,442</b>	<b>98,736</b>

Note: The capital strategy forms part of the Council's budget submission which will be presented to full Council in February 2019 and summary by key area can be found in appendix B

The capital financing requirement (CFR) is the total historic outstanding capital expenditure which has not yet been paid for from resources (e.g. capital receipts, capital grants etc.). It is essentially a measure of the Council's indebtedness and its underlying borrowing need to support its capital expenditure plans. Any capital expenditure above which has not immediately been paid for will increase the CFR. Tables 3, 4 and 5 below demonstrate the Council's infrastructure capital, HRA, and Commercial activities CFR.

<b>Table 3b: Capital financing requirement:</b>	<b>2018/19 Estimated Outturn £'000</b>	<b>2019/20 Budget £'000</b>	<b>2020/21 Budget £'000</b>	<b>2021/22 Budget £'000</b>
<b>Council's infrastructure capital</b>				
<b>Opening balance (estimated)</b>	<b>182,899</b>	<b>162,289</b>	<b>200,023</b>	<b>248,413</b>
Capital expenditure funded by Borrowing	69,414	41,422	52,078	22,024
Transfer to commercial activities CFR	(87,113)			
<b>Sub Total</b>	<b>165,200</b>	<b>203,711</b>	<b>252,101</b>	<b>270,437</b>
<b>Less Minimum Revenue Provision</b>				
MRP charge	(2,495)	(3,340)	(3,340)	(3,340)
PFI principal charge	(283)	(215)	(215)	(215)
Swap funding /repayment of forward funding	(133)	(133)	(133)	(133)
Loan repayment				(976)
<b>Sub Total</b>	<b>(2,911)</b>	<b>(3,688)</b>	<b>(3,688)</b>	<b>(4,664)</b>
<b>Closing Balance</b>	<b>162,289</b>	<b>200,023</b>	<b>248,413</b>	<b>265,773</b>
<b>Movement</b>	<b>(20,610)</b>	<b>37,734</b>	<b>48,390</b>	<b>17,360</b>

The increase in the general fund borrowing requirement is due to a large increase in the capital programme for schemes such as the town centre regeneration, loans to group companies and commercial investments; this will later reduce when capital receipts from scheme asset disposals are received or loans repaid. It has also increased as a result of forward funded schemes (where the Council funds infrastructure in advance of agreed developer contributions, to enable developments to proceed). These will be cleared as the developer contributions are received. The CFR is also reduced each year by the minimum revenue provision (MRP) (see section 4).

**Table 4: Capital financing requirement:**

	2018/19 Estimated Outturn £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000
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**HRA**

Opening balance (estimated)	88,650	85,552	85,372	81,890
Capital expenditure funded by Borrowing	0	1,808	0	0
<b>Sub Total</b>	<b>88,650</b>	<b>87,360</b>	<b>85,372</b>	<b>81,890</b>
<b>Less Minimum Revenue Provision</b>				
Loan repayment	(3,098)	(1,988)	(3,482)	(4,223)
<b>Sub Total</b>	<b>(3,098)</b>	<b>(1,988)</b>	<b>(3,482)</b>	<b>(4,223)</b>
<b>Closing Balance</b>	<b>85,552</b>	<b>85,372</b>	<b>81,890</b>	<b>77,667</b>
<b>Movement</b>	<b>(3,098)</b>	<b>(180)</b>	<b>(3,482)</b>	<b>(4,223)</b>

The table above shows the Housing Revenue account (HRA). The capital expenditure of £13,045k in 2019/20 is funded by the major repairs reserve, HRA revenue contribution, Right to Buy Receipts and borrowing

**Table 5: Capital financing requirement:**

	2018/19 Estimated Outturn £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000
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**Commercial activities**

Opening balance (estimated)	0	87,113	182,979	194,145
Capital net expenditure funded by Borrowing	0	95,866	11,166	9,951
Transfer from Council's infrastructure capital CFR	87,113			
<b>Sub Total</b>	<b>87,113</b>	<b>182,979</b>	<b>194,145</b>	<b>204,096</b>
<b>Less Minimum Revenue Provision</b>				
*see note below				
<b>Sub Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Closing Balance</b>	<b>87,113</b>	<b>182,979</b>	<b>194,145</b>	<b>204,096</b>
<b>Movement</b>	<b>87,113</b>	<b>95,866</b>	<b>11,166</b>	<b>9,951</b>

\*MRP to reviewed and realigned between capital infrastructure CFR and commercial activities CFR during 2019-20

Due to central Government support falling, part of the Council's financial strategy is also based on diversifying income streams, by growing revenue generating assets through its commercial activities (e.g.: housing companies).

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 both the day-to-day running costs of the Council and also its capital plans.

The treasury team manages the daily cash balances to meet daily cash requirements, but on occasions the Council may have to borrow short-term to meet cash-flow requirements and this is permissible under this strategy.

For its capital expenditure, the Council does not have to 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, and the decision on when to borrow is taken by the chief finance officer.

## 5. Balance sheet forward projection

The following is a forecast funds available for investment/internal borrowing position at year end. Where the funds available for investments go into deficit, this illustrates the need for further external loans.

**Table 6: Wokingham Borough Council -Balance Sheet Projections:**

	2018/19 Estimated Outturn £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000
CFR (Year-end position)	334,954	468,375	524,448	547,536
Less other long term liabilities	(8,600)	(8,600)	(8,600)	(8,600)
<b>Expenditure to be funded by borrowing</b>	<b>326,354</b>	<b>459,775</b>	<b>515,848</b>	<b>538,936</b>
External Borrowing c/fwd.	(145,256)	(181,908)	(295,170)	(348,182)
Loan Maturities	3,348	2,738	41,988	3,482
New Loans	(40,000)	(116,000)	(95,000)	(30,000)
<b>External borrowing</b>	<b>(181,908)</b>	<b>(295,170)</b>	<b>(348,182)</b>	<b>(374,700)</b>
Internal borrowing	(144,446)	(164,605)	(167,666)	(164,236)
External Borrowing	(181,908)	(295,170)	(348,182)	(374,700)
<b>Total borrowing</b>	<b>(326,354)</b>	<b>(459,775)</b>	<b>(515,848)</b>	<b>(538,936)</b>
Expenditure to be funded by borrowing	326,354	459,775	515,848	538,936
<b>% of internal borrowing to CFR</b>	<b>42.04%</b>	<b>34.51%</b>	<b>31.45%</b>	<b>29.53%</b>
<b>Internal borrowing funded by</b>				
General Fund Balance	9,124	9,124	9,124	9,124
Housing Revenue Account Balance (Inc. MRA)	7,511	7,511	7,511	7,511
Collection Fund Adjustment Account	9,338	9,338	9,338	9,338
Earmarked reserve	51,200	51,200	51,200	51,200
Capital Receipts Reserve	5,567	5,567	5,567	5,567
Provisions (exc. any accumulating absences)	3,005	3,005	3,005	3,005
Capital Grants Unapplied	26,397	26,397	26,397	26,397
<b>Reserves available for Investment</b>	<b>112,142</b>	<b>112,142</b>	<b>112,142</b>	<b>112,142</b>
Working Capital (Deficit) / Surplus	66,222	66,222	66,222	66,222
Internal borrowing	(144,446)	(164,605)	(167,666)	(164,236)

<b>*Total amount available for investment/ (external borrowing required)</b>	<b>33,918</b>	<b>13,759</b>	<b>10,698</b>	<b>14,128</b>
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<b>Total borrowing broken down into CFR Categories</b>				
Council's infrastructure capital	162,289	200,024	248,413	265,773
Housing Revenue Account (HRA)	85,552	85,372	81,890	77,667
Commercial activities	87,113	182,979	194,145	204,096
Less other long term liabilities	(8,600)	(8,600)	(8,600)	(8,600)
<b>Total</b>	<b>326,354</b>	<b>459,775</b>	<b>515,848</b>	<b>538,936</b>

<b>Total borrowing</b>	<b>326,354</b>	<b>459,775</b>	<b>515,848</b>	<b>538,936</b>
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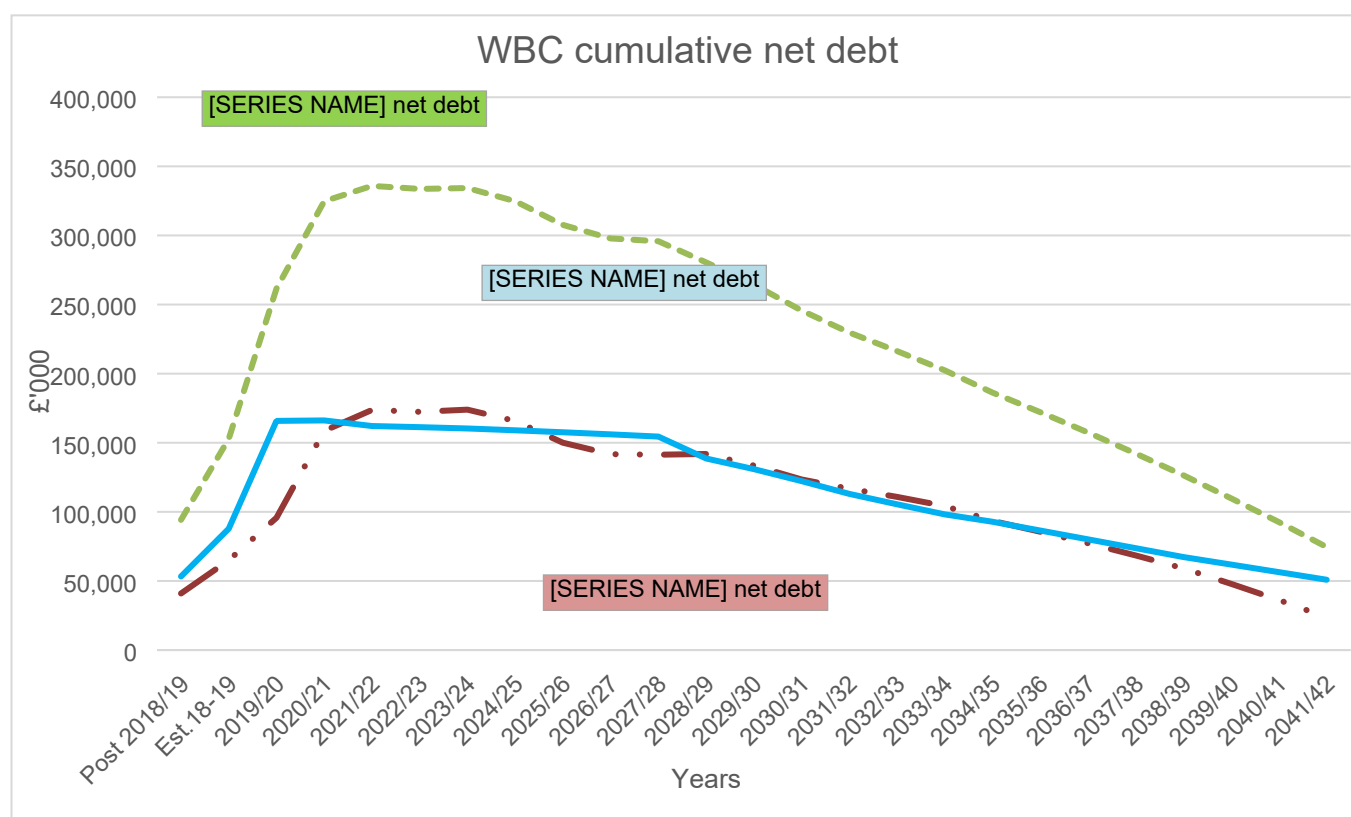
NB\*: a targeted sustainable surplus balance of £10m is considered prudent

Total forecast additional borrowing (£539m - £327m = £212m)

The additional borrowing of £212m taken out between 1<sup>st</sup> April 2019 and 31<sup>st</sup> March 2022 will be a mixture of external and internal. This is planned to be repaid within 20 years by the following resources:

- Returns on investments from WTCR and WHL including capital receipts
- Returns on investments from Commercial properties
- Developer contributions from forward funded programmes

The graph below illustrates the additional borrowing cumulative net debt over the next 20 years.



The council's capital programme now includes many large infrastructure schemes that span a number of years. It is not uncommon or unreasonable for the profiling of



these to be further refined once the initial budget has been approved and the precise timing of expenditure becomes clearer as projects move from feasibility and planning through to delivery.

Our capital finance specialists meet regularly with our key project and programme managers to update predictions and find ways to improve the accuracy of our capital monitoring. This has included the receipt of more detailed information on projects and a new profiling methodology for the capital programme in accordance with The Royal Institute of British Architects (RIBA) planned stage process. Work will continue to do what we can to improve the financial arrangements, however it should be recognised that it contains by its nature, sizeable and often uncontrollable, fluctuations which can often impact on the level of debt financing costs and investment returns in-year.

## 6. 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 'CFR') through a revenue charge known as the minimum revenue provision (MRP). The Council is also permitted to undertake additional voluntary payments known as voluntary revenue provision (VRP).

The Ministry for Housing, Communities and Local Government (MHCLG) regulations have been issued which require the full Council to approve a MRP Statement in advance of each financial year. The decision lies with the Council although a prudent provision must be made. The Council is recommended to approve the MRP Statement which can be found in Appendix G.

Some principles in the guidance have been reflected in the Council strategy now the guidance has been finalised. However where we identify an alternative prudent and more pertinent MRP policy, we are permitted to follow that instead.

For 2019/20 Wokingham Borough Council's MRP policy will follow the main MHCLG principles, except in some instances, the table below summarises other area where WBC are planning to divert from the draft guidance.

**Table 7: Changes to MRP Guidance**

Expenditure type	Guidance maximum 'C', (MRP repayment period)	WBC MRP charging policy
<b>Freehold land</b>	maximum of 50 years	Maximum 60 years
<b>bridges</b>	maximum of 50 years	Maximum 60 years
<b>Investment assets</b>	maximum of 50 years	10% of maximum 60 years asset life
<b>loan capital in WBC holdings</b>	20 years	No charge - Loan covered by Asset
<b>Forward funding Schemes</b>	maximum of 50 years	No charge – Developer contribution are used to repay principle

Under section 21(1A) of the Local Government Act 2003 local authorities are required to “have regard” to this guidance.

The guidance remains guidance not an enforced treatment.

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

The previous sections cover the overall capital programme 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 D.

**Table 8: Prudential Indicator – Debt**

	2018/19 Estimated Outturn £'000	2019/20 Budget £'000	2021/22 Budget £'000	2021/22 Budget £'000
<b>Authorised limit £,000</b>	334,954	585,500	656,000	684,500
<b>Gross external borrowing £,000</b>	(181,908)	(295,170)	(348,182)	(374,700)
<b>HRA debt limit £,000</b>	102,000	102,000	102,000	102,000
<b>% of internal borrowing to CFR</b>	42.04%	34.51%	31.45%	29.53%
<b>Maturity structure of borrowing</b>	See Appendix C			
<b>Operational boundary for external debt £'000</b>	334,954	492,000	551,000	575,000
<b>Ratio of financing costs to net revenue stream*</b>	2.55%	3.59%	5.38%	5.79%

\*Note: The increase is due to the estimated increase in borrowing for the capital programme but as shown above the savings from this investment are already being shown. (These figures are estimates and will be updated once the MTFP has been approved by budget)

The borrowing requirement above is based on the estimates of capital expenditure in the Council's capital programme and represents the maximum if the programme proceeds as planned. These estimates have been subject to a robust challenge process as the capital programme has been developed. Historical evidence suggests that the programme could be subject to re-profiling between years of up to 50% of the programme on average which means that the figure for borrowing in 2019/20 could be closer to £150 million. This is not a reduction in the overall planned borrowing, but just a deferment to match any capital re-profiling.

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.

## 8. Investments

The treasury management team ensure the cash flow is adequately planned, with surplus monies being invested in suitable 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.

### 8.1 Annual investment strategy

CIPFA Code and the MHCLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's investment priorities will be security first, liquidity second, then return.

The Council may invest its surplus funds in accordance with its time and monetary limits for institutions on the Council's counterparty list, as shown below

	<b>* Minimum credit criteria / colour band*</b>	<b>Money Limit</b>	<b>Max. maturity period</b>
DMADF – UK Government	UK sovereign rating	£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	2 year
Term deposits with banks and building societies**	AA	£5m	Liquid
Term deposits with building societies	A-	£5m	Liquid
CDs or corporate bonds with banks and building societies	AA	£5m	Liquid

Note\*: The credit criteria shown here is Fitch credit ratings agencies long term, When using the credit rating the Council will use the lower of the three credit rating agencies.(See appendix D)

Note \*\*for each banking group the following limits will apply, dependent on the rating of the Parent Bank (i.e. Lloyds group)

- AAA : £7m with a maximum average duration of 1 year
- AA- :£5m with a maximum average duration of 6 months

The investment policies can be found in Appendix D

## 8.2 Investment projections treasury and non-treasury

The table below shows the Councils investment projections

**Table 9: Investments**

	2018/19 Estimate £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000
<b>Loans to WHL/HRA/WTCR balance @ 31-03-19</b>	<b>79,032</b>	<b>115,159</b>	<b>123,205</b>	<b>128,887</b>
<b>Rate of return (average)</b>	<b>3.2%</b>	<b>2.8%</b>	<b>2.7%</b>	<b>2.7%</b>
<b>Returns on investment</b>	<b>(2,515)</b>	<b>(3,182)</b>	<b>(3,357)</b>	<b>(3,532)</b>
<b>Local Authorities/fund managers balance @ 31/03/19</b>	<b>83,512</b>	<b>70,770</b>	<b>49,539</b>	<b>34,677</b>
<b>Rate of return (average)</b>	<b>0.5%</b>	<b>0.8%</b>	<b>1.0%</b>	<b>1.2%</b>
<b>Returns on investment</b>	<b>(546)</b>	<b>(531)</b>	<b>(495)</b>	<b>(399)</b>

Interest rates on historic loans to WHL/HRA/WTCR (commercial activities) have been reviewed and updated to reflect current market conditions this has resulted in a small reduction in the average rate of return on historic loans

## 8.3 Non-Treasury Investments

Although not classed as treasury management activities and therefore not covered by the CIPFA Code or the MHCLG Guidance, the Council may also make loans and investments for service purposes or where the local authority is setting up local authority owned companies. Such loans and investments will be subject to the Council's normal approval processes for revenue and capital expenditure and need not comply with this Treasury Management Strategy. Commercial properties investment will be made in line with previously strategy agreed by Council on 23/11/2017. Where these investments have treasury or MRP implications this strategy will be followed.

## 8.4 Cash flow management

The Council's officers maintain a detailed cash flow forecast for each coming year revising it as more information is available. This informs the short term investments such as those to cover precept payments. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Long term investment strategy is based on the Council's medium term financial strategy.

## 8.4 Estimated Investment return rates

Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years'. Political uncertainty will continue to weigh on the economy and imported inflation is likely to be a feature for some time.

## 8.5 Compliance with treasury limits and prudential indicators for investments

As with debt, the Council has a framework prudential indicators for investment which it uses to assess its investment strategy. The Council is asked to approve the following indicators found in table 7. Further detail on each of these indicators is included in Appendix D.

**Table 8: Prudential Indicator – Investment**

**2019/20**

<b>Review of investment strategy to be undertaken during year</b>	Yes
<b>Investment risk benchmarking</b>	
<b>Security - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables</b>	0.10%
<b>Liquidity – in respect of this area the Council seeks to maintain:</b>	
<b>Bank overdraft</b>	£0.5m
<b>Liquid short term deposits available with a week's notice of at least</b>	£5m
<b>Weighted average life benchmark is expected to be 0.25 years, with a maximum of 0.5 years.</b>	0.5 Years
<b>Investments – internal returns above the 7 day LIBID rate</b>	
<b>Investment Balance as 31<sup>st</sup> March 2020</b>	£40.m
<b>Returns on investments</b>	£3.6m

## 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. The Council currently does not plan to use this flexibility.

## 10. Updates to Treasury Management Strategy

The Director of Corporate Services confirms that the treasury team will abide by the strategy set out within this document and will report to the Audit Committee in November 2019 as part of the mid-year report any breaches to limits and prudential indicators.

## Wokingham Borough Council Capital Program 2019-2022

	Year 1 2019/20	Year 2 2020/21	Year 3 2021/22
MTFP Category	£'000	£'000	£'000
Affordable Housing	22,470	20,692	10,338
Clean, green and enjoyable spaces	1,504	469	419
Economic prosperity	70,577	12,806	15,726
Encouraging physical and mental wellbeing	10,219	12,825	75
Ensuring opportunity for all children	22,118	7,667	3,323
Promoting quality of life for vulnerable adults	2,774	3,873	3,392
Sustainable towns and parishes	101,052	81,580	58,515
Traffic congestion	6,484	10,530	6,948
<b>Total</b>	<b>237,197</b>	<b>150,442</b>	<b>98,736</b>

Note: To see the detail of the capital programme and strategy 2019/22 refer to papers for the executive 22<sup>nd</sup> February 2019

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## Prudential Indicators - Forecast 2019-2022

### Debt

**Table 1: Capital financing requirement:**

	2018/19 Estimated Outturn £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000
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#### Council's infrastructure capital

Opening balance (estimated)	182,899	162,289	200,023	248,413
Capital expenditure funded by Borrowing	69,414	41,422	52,078	22,024
Transfer to commercial activities CFR	(87,113)	0	0	0
Sub Total	165,200	203,711	252,101	270,437

#### Less Minimum Revenue Provision

MRP charge	(2,495)	(3,340)	(3,340)	(3,340)
PFI principal charge	(283)	(215)	(215)	(215)
Swap funding /repayment of forward funding	(133)	(133)	(133)	(133)
Loan repayment				(976)
Sub Total	(2,911)	(3,688)	(3,688)	(4,664)

Closing Balance	162,289	200,023	248,413	265,773
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Movement	(20,610)	37,734	48,390	17,360
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**Table 2: Capital financing requirement:**

	2018/19 Estimated Outturn £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000
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#### Commercial activities

Opening balance (estimated)	0	87,113	182,979	194,145
Capital net expenditure funded by Borrowing	0	95,866	11,166	9,951
Transfer from Council's infrastructure capital	87,113			
Sub Total	87,113	182,979	194,145	204,096

#### Less Minimum Revenue Provision

	0			
Sub Total	0	0	0	0

Closing Balance	87,113	182,979	194,145	204,096
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Movement	87,113	95,866	11,166	9,951
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## Prudential Indicators - Forecast 2019-2022

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

Council's infrastructure capital & Commercial activities

	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	£'000	£'000	£'000	£'000
Financing Costs (including MRP & interest costs)	3,527	4,453	6,809	7,463
Divide By				
Net Revenue Stream	115,289	123,996	126,476	129,006
<b>Total services</b>	<b>3.06%</b>	<b>3.59%</b>	<b>5.38%</b>	<b>5.79%</b>

**Note:** These will be updated once the MTFP budget is set by council

### HRA

**Table 4: Capital financing requirement HRA**

	2018/19 Estimated Outturn £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000
Opening balance (estimated)	88,650	85,552	85,372	81,890
Capital expenditure funded by Borrowing	0	1,808	0	0
<b>Sub Total</b>	<b>88,650</b>	<b>87,360</b>	<b>85,372</b>	<b>81,890</b>
<b>Less Minimum Revenue Provision</b>				
Loan repayment	(3,098)	(1,988)	(3,482)	(4,223)
<b>Sub Total</b>	<b>(3,098)</b>	<b>(1,988)</b>	<b>(3,482)</b>	<b>(4,223)</b>
<b>Closing Balance</b>	<b>85,552</b>	<b>85,372</b>	<b>81,890</b>	<b>77,667</b>
<b>Movement</b>	<b>(3,098)</b>	<b>(180)</b>	<b>(3,482)</b>	<b>(4,223)</b>

## Prudential Indicators - Forecast 2019-2022

### General Fund & HRA

**Table 5: Capital financing requirement – General fund and HRA**

	2018/19 Estimated Outturn £'000	2019/20 Budget £'000	2021/22 Budget £'000	2021/22 Budget £'000
Wokingham Borough council (tables 1,2 &4)				
Opening balance (estimated)	271,549	334,954	468,375	524,448
Capital net expenditure funded by Borrowing	69,414	139,097	63,243	31,975
Sub Total	340,963	474,051	531,618	556,423
Less Minimum Revenue Provision				
MRP charge / loan repayment	(5,593)	(5,328)	(6,822)	(8,539)
PFI principal charge	(283)	(215)	(215)	(215)
Swap funding /repayment of forward funding	(133)	(133)	(133)	(133)
Sub Total	(6,009)	(5,676)	(7,170)	(8,887)
Closing Balance	334,954	468,375	524,448	547,536
Movement	63,405	133,421	56,073	23,088

**Table 6: Borrowing – Internal/external split**

	2018/19 Estimated Outturn £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000
External Borrowing c/fwd.	(145,256)	(181,908)	(295,170)	(348,182)
Loan Maturities	3,348	2,738	41,988	3,482
New Loans	(40,000)	(116,000)	(95,000)	(30,000)
External borrowing	(181,908)	(295,170)	(348,182)	(374,700)
Internal borrowing	(144,446)	(164,605)	(167,666)	(164,236)
External Borrowing	(181,908)	(295,170)	(348,182)	(374,700)
Total borrowing	(326,354)	(459,775)	(515,848)	(538,936)
Expenditure to be funded by borrowing	326,354	459,775	515,848	538,936
% of internal borrowing to CFR	42.04%	34.51%	31.45%	29.53%
Total borrowing broken down into CFR Categories				
Council's infrastructure capital	162,289	200,024	248,413	265,773
Housing Revenue Account (HRA)	85,552	85,372	81,890	77,667
Commercial activities	87,113	182,979	194,145	204,096
Less other long term liabilities	(8,600)	(8,600)	(8,600)	(8,600)
Total	326,354	459,775	515,848	538,936
Total borrowing	326,354	459,775	515,848	538,936

## Prudential Indicators - Forecast 2019-2022

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.

The council's capital programme now includes many large infrastructure schemes that span a number of years. It is not uncommon or unreasonable for the profiling of these to be refined once the initial budget has been approved and the precise timing of expenditure becomes clearer as projects move from feasibility and planning through to delivery. Our capital finance specialists meet regularly with our key project and programme managers to update predictions and find ways to improve the accuracy of our capital monitoring. This has included the receipt of more detailed information on projects and a new profiling methodology for the capital programme in accordance with The Royal Institute of British Architects (RIBA) planned stage process. Work will continue to do what we can to improve the financial arrangements, however it should be recognised that it contains by its nature, sizeable and often uncontrollable, fluctuations

**Table 7: Budgeted Maturity structure of borrowing**

	Estimated 18-19	budgeted 19-20
Under 12 months	1.51%	2.00%
12 months to 2 years	18.41%	15.00%
2 years to 5 years	10.27%	15.00%
5 years to 10 years	12.77%	10.00%
10 years and above	57.05%	58.00%
	100.00%	100.00%
Average borrowing rate	3.10%	3.50%

## Prudential Indicators - Forecast 2019-2022

### Investment

**Table 8 : Investments**

	2018/19 Estimate £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000
<b>Loans to WHL/HRA/WTCR balance @ 31-03-19</b>	<b>79,032</b>	<b>115,159</b>	<b>123,205</b>	<b>128,887</b>
<b>Rate of return (average)*</b>	<b>3.2%</b>	<b>2.8%</b>	<b>2.7%</b>	<b>2.7%</b>
<b>Returns on investment</b>	<b>(2,515)</b>	<b>(3,182)</b>	<b>(3,357)</b>	<b>(3,532)</b>
<b>Local Authorities/fund managers balance @ 31/03/19</b>	<b>83,512</b>	<b>70,770</b>	<b>49,539</b>	<b>34,677</b>
<b>Rate of return (average)</b>	<b>0.5%</b>	<b>0.8%</b>	<b>1.0%</b>	<b>1.2%</b>
<b>Returns on investment</b>	<b>(546)</b>	<b>(531)</b>	<b>(495)</b>	<b>(399)</b>

Interest rates on historic loans to WHL/HRA/WTCR (commercial activities) have been reviewed and updated to reflect current market conditions this has resulted in a small reduction in the average rate of return on historic loans

**Please note the rate of return for internal investments is a very prudent estimate**

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## Investment policies and strategies

### ANNUAL INVESTMENT STRATEGY

The CIPFA Code and MHCLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's investment priorities will be security first, liquidity second, then return.

The council may invest its surplus funds in accordance with its time and monetary limits for institutions on the Council's counterparty list, as shown below

	Fitch Long term Rating	Moody's	Standard & Poors	Money Limit	Time Limit
<b>Banks 1 higher quality</b>	<b>F1+/AAA</b>	<b>P-1Aaa</b>	<b>A-1+/AA-</b>	<b>£5m</b>	<b>365 days</b>
<b>Banks 1 medium quality</b>	<b>F1+/AA-</b>	<b>P-1Aa3</b>	<b>A-1+/AA-</b>	<b>£3m</b>	<b>365 days</b>
<b>Building Societies</b>				<b>£2m</b>	<b>6 Months</b>
<b>Debt Management Office Account (DMADF)</b>	-	-	-	<b>£20m</b>	<b>3 Months</b>
<b>Guaranteed Organisations</b>	-	-	-	<b>£2m</b>	<b>3 Months</b>
<b>other local authorities*</b>				<b>£5m</b>	<b>732 days</b>
<b>Other Institution Limits ( Money Market Funds, Gilts and Supranational investments)</b>	-	-	-	<b>£5m</b>	<b>365 days</b>

Note: \* this has increased to 732 days as we will be able to increase the return on investment without a rise in risk.

### 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.

## Investment policies and strategies

The Director of Corporate Services 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.

### Credit Rating criteria:

Credit rating information is supplied by Link 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.

- Banks 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)
- 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.

### Bank criteria

The Council will only use good credit quality banks which:

- are UK banks; and/or
- are non-UK and domiciled in a country which has a minimum sovereign long term rating of AAA (in house team only)
- Group Limits – For each banking group the following limits will apply, dependent on the rating of the Parent Bank
  - AAA : £7m with a maximum average duration of 1 year
  - AA- : £5m with a maximum average duration of 6 months

### Other institutions

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)

**Note:** investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.



## **Investment policies and strategies**

### **TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT**

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council applies its principles to all investment activity. In accordance with the Code, the Director of Corporate Services has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of the following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy guidelines – The main strategy guidelines are contained above in this Appendix and in the body of the treasury strategy statement found in Appendix A section 7.

## Investment policies and strategies

### 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 subject to a minimum asset size of £5billion and meeting a minimum credit rating of A-. These investments will be restricted to a maximum period of 6 months and £2m per institution.

## Investment policies and strategies

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:

	<b>* Minimum credit criteria / colour band</b>	<b>Money Limit</b>	<b>Max. maturity period</b>
DMADF – UK Government	UK overreign rating	£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	2 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

## Investment policies and strategies

Currently not in our strategy are the following investment categories:

a.	<b>Share capital</b> in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies.
b.	<b>Loan capital</b> in a body corporate.
c.	<b>Property funds</b> – The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using.

### 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 Link Asset Services 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 Corporate Services.

## 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
Bank Nederlandse Gemeenten N.V.	Bank	Netherlands	3,000
Bank of Scotland	Bank	United Kingdom	3,000
Barclays Bank	Bank	United Kingdom	3,000
Commonwealth bank of Australia	Bank	Australia	3,000
DBS Bank Ltd	Bank	Singapore	3,000
DZ BANK AG Deutsche Zentral-Genossenschaftsbank S	Bank	Germany	3,000
HSBC Bank PLC	Bank	United Kingdom	3,000
Landesbank Berlin AG	Bank	Germany	3,000
Landwirtschaftliche Rentenbank	Bank	Germany	3,000
Lloyds banking group	Bank	United Kingdom	3,000
National Australia Bank Limited	Bank	Australia	3,000
Nederlandse Waterschapsbank N.V.	Bank	Netherlands	5,000
Nordea Bank AB	Bank	Sweden	3,000
NRW Bank	Bank	Germany	3,000
Oversea-Chinese Banking Group	Bank	Singapore	3,000
RBS (Authority's Own bank group)	Bank	United Kingdom	N/A
Royal Bank of Canada	Bank	Canada	5,000
Svenska Handelsbanken	Bank	Sweden	3,000
Swedbank	Bank	Sweden	3,000
Toronto-Dominon Bank	Bank	Canada	3,000
United Overseas Bank limited	Bank	Singapore	3,000
Westpac Banking Corporation	Bank	Australia	3,000
Coventry BS	Building Society	United Kingdom	2,000
Leeds BS	Building Society	United Kingdom	2,000
Nationwide BS	Building Society	United Kingdom	2,000
Skipton BS	Building Society	United Kingdom	2,000
Yorkshire BS	Building Society	United Kingdom	2,000

### Money Market

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

### Government Bodies & Local Authorities

All Government bodies and all local authorities in the United Kingdom local authorities are available to the council to invest in.

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## 2019/20 Wokingham Borough Council MRP policy

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. The decision lies with the Council although a prudent provision must be made. 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.

Wokingham will follow the statutory guidance, except in some instances, as disclosed below. Final guidance is expected to be issued by the Secretary of State under section 21(1A) of the Local Government Act 2003. Under that section local authorities are required to "have regard" to this guidance.

For some investment assets WBC believes it would be overly prudent to charge MRP in line with the draft guidance, as it would stop the Council making an investment which could otherwise strengthen its financial position, due to an artificial self-implemented restriction.

For assets which WBC or one of its subsidiary companies is investing in purely for the return on investment, we will charge a 10% charge for MRP. The MRP will be applied with a maximum useful economic life of 50 years for freehold land, and 40 years for other asset classes.

## 2019/20 Wokingham Borough Council MRP policy

Alternative prudent assumptions will be used in the following circumstances.

<b>Expenditure type</b>	<b>Guidance maximum 'C', (MRP repayment period)</b>	<b>WBC MRP charging policy</b>
<b>Freehold land</b>	maximum of 50 years	Maximum 60 years
<b>bridges</b>	maximum of 50 years	Maximum 60 years
<b>Investment assets</b>	maximum of 50 years	10% of maximum 15 years (Average Rental contract life)
<b>loan capital in WBC holdings</b>	20 years	No charge - Loan covered by Asset
<b>Forward funding Schemes</b>	maximum of 50 years	No charge – Developer contribution are used to repay principle



**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
- Council approve the Treasury Management Strategy
- 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 is responsible for:**

- 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.

**Ministry of Housing, Communities and Local Government (MHCLG) formerly 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.

**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.

<b>TITLE</b>	<b>Medium Term Financial Plan 2019/22 Revenue Budget Submission 2019/20</b>
<b>FOR CONSIDERATION BY</b>	The Executive on Thursday, 21 February 2019
<b>WARD</b>	None specific
<b>LEAD OFFICER</b>	Deputy Chief Executive – Graham Ebers
<b>LEAD MEMBER</b>	Executive Member for Finance, HR and Corporate Resources - Anthony Pollock

## **PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)**

Provide the Executive with the key Revenue budget extract of the Medium Term Financial Plan (MTFP) for 2019/22 including the proposed revenue budget submission for 2019/20.

## **RECOMMENDATION**

That the Executive:

- 1) recommend to Council that the Medium Term Financial Plan (MTFP) 2019/22, including the budget submission for 2019/20, be approved;
- 2) approve the amended schedule of fees and charges, as set out in Appendix B to the report, to be effective from the dates listed on the schedule.

## **EXECUTIVE SUMMARY**

Members are presented with the Medium Term Financial Plan for 2019/22 including the proposed revenue budget submission for 2019/20 for recommendation to Council. *(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).*

Members are also requested to recommend the following key Revenue budget extract of the MTFP to Council;

- Summary of Budget Movements 2019/20 (Appendix A)

## BACKGROUND

The Medium Term Financial Plan (MTFP) 2019/22 will be presented to Council for approval on 21 February 2019. Executive are asked to recommend the following key Revenue budget extract of the MTFP to Council.

- Summary of Budget Movements 2019/20 (Appendix A)

The Local Government Act 2003 requires the Chief Finance Officer (Deputy Chief Executive) to report to Members as part of the budget setting process. The report will highlight the key financial and service risks contained in the 2019/20 budget proposals. This will be presented to Council on the 21 February 2019 as part of the MTFP.

## BUSINESS CASE (Including Options and Evidence of Need)

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

The MTFP 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 2019/20 is approximately £121m excluding capital & internal recharges. The Council needs to set a balanced budget in the context of this. The budget requirements for 2020/21 and 2021/22 will be shown in the plan as indicative figures only.

## Fees and Charges Amendment

The Executive are asked to approve an amendment to the fees and charges schedules which were agreed at November 2018 Executive. The amendments, shown in appendix B relate to;

- Amendment to wording on one charge and inclusion of charge amount.
- Request to add three missed charges on the schedule which are currently provided on a cost recovery basis.

## 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 MTFP		
Next Financial Year (Year 2)	See MTFP (Indicative Only)		

Following Financial Year (Year 3)	See MTFP (Indicative Only)		
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<b>Other Financial Information</b>
The budget requirements for the General Fund, HRA, DSG and Capital are set out in the MTFP.

<b>Stakeholder Considerations and Consultation</b>
The revenue budget submission represents the budget needed to deliver the strategic objectives and priorities of the Council.

<b>Resourcing and Timeline for Next Steps</b>
Revenue budget presented to Council on 21 February 2019.

<b>Timeline for Review and Evaluation</b>
None

<b>List of Background Papers</b>
Medium Term Financial Plan 2019/20

<b>Contact</b> Mark Thompson, Bob Watson	<b>Service</b> Business Services
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## Summary of Budget Movements 2019/2020

	Adult Social Services £'000	Chief Executive £'000	Children's Services £'000	Corporate Services £'000	Customer & Localities £'000	Total £'000
<b>2018/2019 Restructured Service Budget (excluding Capital &amp; Internal recharges)</b>	<b>44,576</b>	<b>313</b>	<b>20,005</b>	<b>22,131</b>	<b>26,415</b>	<b>113,440</b>
<b>Adjustments/Additions</b>						
Exclusive one off revenue items in 2018/2019 (Special Items)	(336)	(1,720)	(150)	(12)	(520)	(2,738)
Inflation for non-pay activities	0	0	54	717	279	1,050
Pay award ( <b>Note 1</b> )	0	0	0	950	0	950
Superannuation - increase in employers' contribution across Council	0	0	0	180	0	180
Adjustments between services (e.g. budget reallocations inc.)	355	(120)	57	(965)	673	0
<b>Total</b>	<b>19</b>	<b>(1,840)</b>	<b>(39)</b>	<b>870</b>	<b>432</b>	<b>(558)</b>
<b>Funding to Maintain / Improve Services</b>						
Care packages - increases in volumes and rates	859	0	0	0	0	859
General increase in cost of adult social services	1,000	0	0	0	0	1,000
Reversal of previous savings target	60	0	0	0	0	60
New director of Adult Social Services (DASS)	94	0	0	0	0	94
Transitions - extra staff	200	0	0	0	0	200
Transitions - young people entering adult social care at 18	620	0	0	0	0	620
Recruitment of Chief Executive	0	49	0	0	0	49
Children's social workers	0	0	1,130	0	0	1,130
Council Tax exemption for care leavers	0	0	66	0	0	66
Home to school transport	0	0	600	0	0	600
Other social care pressures - legal costs etc	0	0	130	0	0	130
Reduction in grant funding	0	0	400	0	0	400
Review of staying put allowances	0	0	56	0	0	56
SEN grant reduction	0	0	110	0	0	110
SEN team growth	0	0	120	0	0	120
General Data Protection Regulation (GDPR) data compliance	0	0	0	50	0	50
ICT anti-virus software/phishing prevention	0	0	0	30	0	30
IMT - software licence cost	0	0	0	80	0	80
Increase in coroners' court costs	0	0	0	70	0	70
Bus service - meeting community needs	0	0	0	0	158	158
Consultancy - Planning Appeals	0	0	0	0	250	250
Highway drainage increased maintenance costs due to additional network length	0	0	0	0	15	15
Highway structures - major refurbishments/strengthening	0	0	0	0	10	10
Highways maintenance - carriageways and footways	0	0	0	0	39	39
Revenue implications of integrated transport capital scheme	0	0	0	0	21	21
Waste and recycling - contract renewal	0	0	0	0	400	400

## Summary of Budget Movements 2019/2020

	Adult Social Services £'000	Chief Executive £'000	Children's Services £'000	Corporate Services £'000	Customer & Localities £'000	Total £'000
Waste and recycling - increase in property numbers	0	0	0	0	127	127
Winter service - increased maintenance costs due to additional network length	0	0	0	0	10	10
<b>Total</b>	<b>2,833</b>	<b>49</b>	<b>2,612</b>	<b>230</b>	<b>1,030</b>	<b>6,754</b>

### Special Items 2019/2020

Capacity to deliver value for money on high cost packages	40	0	0	0	0	40
Deprivation of Liberty Safeguards (DoLS)	100	0	0	0	0	100
Increased homelessness within the borough	30	0	0	0	0	30
Social Care Support Grant - investment in Adult Social Care	381	0	0	0	0	381
Estimated resource requirement to deliver sustainable organisational change	0	1,500	0	0	0	1,500
Developing signs of safety improvements	0	0	60	0	0	60
Social Care Support Grant - investment in Children's Services	0	0	305	0	0	305
Core Strategy plan preparation	0	0	0	100	0	100
Forward funding (infrastructure bridging loan)	0	0	0	923	0	923
Minerals & Waste local plan preparation	0	0	0	100	0	100
Revenue contribution to capital	0	0	0	1,200	0	1,200
Shared Legal Service - case management system upgrade	0	0	0	16	0	16
<b>Total</b>	<b>551</b>	<b>1,500</b>	<b>365</b>	<b>2,339</b>	<b>0</b>	<b>4,755</b>

### Funded by the following Service Efficiencies

Adult social care pathway review	(150)	0	0	0	0	(150)
Health and social care integration	(112)	0	0	0	0	(112)
Learning disability review	(200)	0	0	0	0	(200)
Review and application for Continued Health Claims	(200)	0	0	0	0	(200)
Review high cost packages	(100)	0	0	0	0	(100)
Review of Adult Social Care block contracts	(400)	0	0	0	0	(400)
Service delivery redesign	(90)	0	0	0	0	(90)
New income generation commercial assets	0	(150)	0	0	0	(150)
Home to school transport - efficiency review	0	0	(200)	0	0	(200)
Reduction of placement spend	0	0	(747)	0	0	(747)
Reduction on admin	0	0	(50)	0	0	(50)
Grants to Town/Parishes phased out over 5 years	0	0	0	(20)	0	(20)
Reduction in WBC retained legal consultancy budget	0	0	0	(50)	0	(50)
Wokingham housing group income for council services	0	0	0	(100)	0	(100)
Building control shared service	0	0	0	0	(87)	(87)
Countryside service increased income	0	0	0	0	(50)	(50)
Efficiencies in service provision within Libraries	0	0	0	0	(13)	(13)
Growth in car parking income	0	0	0	0	(30)	(30)
Highways and transport – service efficiencies	0	0	0	0	(50)	(50)

## Summary of Budget Movements 2019/2020

	Adult Social Services £'000	Chief Executive £'000	Children's Services £'000	Corporate Services £'000	Customer & Localities £'000	Total £'000
Homelessness bed and breakfast spend reduction	0	0	0	0	(100)	(100)
Increase in empty homes premium for council tax	0	0	0	0	(50)	(50)
Land Charges revenue generation	0	0	0	0	(60)	(60)
Public Protection Partnership	0	0	0	0	(50)	(50)
Reduce van lease commitment (Localities)	0	0	0	0	(4)	(4)
Revenue income from changes to parking machines	0	0	0	0	(100)	(100)
S278/38 fees	0	0	0	0	(94)	(94)
<b>Total</b>	<b>(1,252)</b>	<b>(150)</b>	<b>(997)</b>	<b>(170)</b>	<b>(688)</b>	<b>(3,257)</b>
<b>Collection Fund adjustments</b>						
Collection fund distribution	0	0	0	0	50	50
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>50</b>
<b>Service Budget 2019/2020 (excluding Capital &amp; Internal recharges)</b>	<b>46,727</b>	<b>(128)</b>	<b>21,946</b>	<b>25,400</b>	<b>27,238</b>	<b>121,184</b>
<i>Internal Recharges &amp; Depreciation Charges</i>	2,841	6,795	8,774	(12,560)	7,247	13,097
<b>Service Budget 2019/2020 (including Capital &amp; Internal recharges)</b>	<b>49,568</b>	<b>6,667</b>	<b>30,720</b>	<b>12,840</b>	<b>34,485</b>	<b>134,281</b>

**Note 1** - Pay award budget will be redistributed across directorates following the National Joint Council (NJC) pay scale changes from April 2019

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## Amendment to Fees and Charges

Recommendation - That the Executive approve the following changes to the fees and charges schedules which were approved at Executive in November 2018 and to be effective from the day after approval.

### New Charges

The following amendment is needed to reflect charges which were missed in error from Appendix A of the fees and charges schedule approved at Executive in November 2018.

**Amendment Required:** The following two charges under “Highways” will be priced on application (including any VAT) and will be based on full cost recovery.

1. Permanent Traffic Regulation Orders
2. Accident Data Requests (with 81 or more units)

**Amendment Required:** The following charge under “Highways” to be added and will be based on full cost recovery.

3. Bikeability Learn to Ride or Adult Cycle Training – Charge £5 per session.

### Amendments

The following amendment is needed to correct an error in Appendix A of the fees and charges schedule approved at Executive in November 2018.

#### **1. Planning: Pre-application Charges, Householder charges**

**Amendment Required:** Appendix A stated ‘N/A’ charge from 1.12.18, this should have read £192.00 charge.

Appendix A in Nov’18 stated the below

Customer and locality services - Planning      DISCRETIONARY FEES AND CHARGES					
CHARGE	UNIT	VAT Type	SERVICE POLICY	CHARGE from 1.12.17  Incl VAT (if applic) £	CHARGE from 1.12.18  Incl VAT (if applic) £
<b>Application Fees</b> Planning Application fee levels are set nationally and individual local planning authorities have no powers to vary them. The anticipated income is based on current fee levels. <b>Pre-application Charges:</b> <b>Application Type:</b>					
House Holder - Standard	Per application	Standard		£206.30	N/A
House Holder - Enhanced (includes site visit)	Per application	Standard		£158.50	N/A

Appendix A should have read

CHARGE	UNIT	VAT Type	SERVICE POLICY	CHARGE from 1.12.17	CHARGE from 1.12.18
				Incl VAT (if applic) £	Incl VAT (if applic) £
<b>Application Fees</b>					
Planning Application fee levels are set nationally and individual local planning authorities have no powers to vary them. The anticipated income is based on current fee levels.					
<b>Pre-application Charges:</b>					
<b>Application Type:</b>					
House Holder - Standard	Per application	Standard		£95.30	<b>£98.30</b>
House Holder - Enhanced (includes site visit)	Per application	Standard		£158.50	<b>192.00</b>

<b>TITLE</b>	<b>21st Century Council - Update</b>
<b>FOR CONSIDERATION BY</b>	The Executive on Thursday, 21 February 2019
<b>WARD</b>	None Specific;
<b>LEAD OFFICER</b>	Chief Executive – Heather Thwaites
<b>LEAD MEMBER</b>	Executive Member for Finance, HR and Corporate Resources - Anthony Pollock

## **PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)**

The report updates members and the public on the progress of the Council's C21 change programme. This transformation of the way the Council operates is intended to achieve the following benefits:

- Improved availability of, and access to, Council services through digital channels
- Swifter resolution of issues and queries
- Ability for residents to track the progress of their issue as it is resolved by the Council
- Greater focus on problem-solving and customer responsiveness
- A leaner, more efficient Council costing significantly less to run

## **RECOMMENDATION**

The Executive is recommended to note the progress in implementing the 21<sup>st</sup> Century Council programme and that future updates will be reported as part of the ongoing Revenue Monitoring Executive Reports, as part of a broader council wide continuous improvement programme.

## **EXECUTIVE SUMMARY**

The Executive has been receiving quarterly reports during the implementation period reporting on progress of the implementation of the programme and the revenue return on investment.

## **BACKGROUND**

The C21 Change Programme forms an essential element of the savings contained within the medium term Financial Plan. The programme involves the implementation of a new model of working and organisation for the Council. It is underpinned by an extensive IT programme and is intended to extend to all parts of the organisation over the implementation period. Implementation commenced following Executive approval of the business case in September 2016.

The implementation was phased into two parts, to ensure transition to the new model of working is safe and effective.

Phase 1 ran from October 2016 to Spring 2017 and included the establishment of the reconfigured senior leadership team and the reconfiguration of the Council's support services together with strategy and commissioning.

Phase 2 is being implemented in two phases. The current phase entails the establishment of the Council's Customer and Localities functions encompassing the following service areas:

- Environment
- Income and Assessments
- Housing
- Customer Services

Beyond phase 2 the C21C methodology and principles will be applied to People's services, however this will be part of a wider service continuous improvement programme (for both Children's and Adults).

Progress is set out below:

### **BUSINESS CASE (Including Options and Evidence of Need)**

The implementation of the new Customer and Localities has continued to progress well since the last report. The new staffing structures are now in place and embedding. These comprise the teams reporting to:

Clare Lawrence – AD Place (Development Management, Highways and Transport Management; Contract Management of Shared Services, Waste, Grounds Maintenance, the Countryside Service etc.)

Mark Cupit – AD Delivery and Infrastructure (Strategic Development Locations; Major Highway and Infrastructure schemes, Specialist Highway and Drainage advice: CIL and Infrastructure funding; and Heritage and Green Infrastructure)

Jude Whyte – AD Customer and Localities (the new roles of Customer Management; Case Management and Locality Services)

Simon Price – AD Housing, Income and Assessment.

The implementation of the new Customer and Localities Directorate has delivered the full business case saving and every effort has been made to reduce the impact on our staff. Headline staffing impact figures for this phase are; 240 staff were assimilated and 82 staff



were redeployed into new roles. 14 staff resigned for a variety of reasons or were made redundant. Prior to the restructure the holding of vacancies and the use of agency staff has helped reduce the number of staff made redundant.

It was always planned that a phased and deliberately cautious go-live programme of the new service areas would be applied bearing in mind the need for safe transition and this is currently underway. This is intended to ensure that the move to the new operating model is carried out in a planned and tested way so as to ensure that disruption for customers and service users is minimised.

The timetable for this is below and is running to plan:

Service Area	Go Live Date
Customer Delivery	1 <sup>st</sup> October 2018
Development Management	1 <sup>st</sup> October 2018
Income	12 <sup>th</sup> November 2018
Resident and Assessment	12 <sup>th</sup> November 2018
Housing	February/March 2019
Highways	April 2019

Below is an update on each of these areas and the key customer benefits delivered or in train to be delivered as per the timetable above:

### Customer Delivery

This is the deepening and enhancing of the Council's Customer Team in order that more and more interactions can be resolved quickly and accurately. In its first months of going live this has already achieved:

- 85% of all calls are now resolved at first point of contact (compared to 65-70% previously).
- Land Charges searches now able to resolve for customers within 4-5 working days, previously 15 working days.
- Central Scanning and Printing service means this is done more effectively with less staff leading to efficiencies in the Housing Benefit and Cashiers Services.
- Frontline points of contact for Housing Benefit and Housing Needs are being combined to offer a unified service to local residents.

### Development Management

In November 99% of planning applications were determined within national targets. This has been our best performance ever and has resulted from streamlining the planning application process especially for simpler householder applications. This has been facilitated by other such as:

- **New mapping facility:** we have introduced a new mapping product and specifically two maps related to [planning applications](#); and [planning constraints](#)
- **Online payments:** The Council has introduced its own online payments functionality for ease of use <https://webpayments.wokingham.gov.uk/Default.aspx>

- **Planning search facility:** We have updated our current Planning search page to enable more relevant information to be displayed and introduced more ways to search for applications.
- **Planning Comments:** The way people make comments has also been improved and a document containing the comments will appear on the website within an hour of being submitted. Customers can check the website if they want to see if any comments have been made on their application
- **Pre-application service:** we have constructed an online form for pre-application requests to make it easier to submit. This also includes document submission and, with the online payments system, we hope this will encourage more people to submit pre-application requests. The pre-application service adds significant benefit to the planning process it enables issues to be raised at the earliest stage possible.

## Income

Stage one of the Council Tax Portal (called CA-R) has been launched so that customers are able to let us know about changes in circumstances, set up direct debits, make payments and apply for discounts online. The planned second stage of the introduction of this model will lead to a self-service solution for three out of the top five reasons why customers contact us by phone about their Council Tax account.

## Resident and Assessment

Housing Benefit Portal launched so customers are able to apply for a Change of Circumstances, update address information and submit a new claim and supporting documents. Improved section of the website.

Cross-skilling of teams within the Residents and Assessment cluster has led to teams at the frontline being more widely expert and therefore able to help customers with a larger range of enquiries at the same time.

The commissioning of an online Registrars booking system will provide a 24 hour accessible facility to our customers and will allow the Resident and Assessment Service to continue to improve in the context of the efficiencies introduced as part of the programme.

## Housing

The Housing Needs Team are already working closely with the Residents and Assessment Team within Customer Delivery prior to their move to that service by March 2019. This changed working has already seen improvements in the frontline service and in allowing movement within the service to more closely meet trends in business.

The Neighbourhood Housing Officers and Sheltered Scheme Managers who provide services to our tenants will move into the Localities Service in early spring. This move will bring these functions together with services that work in our neighbourhoods and contribute to our ambitions for our Localities Service.

The Housing Service will see the launch of an online portal and consequent improvements in processes and system and the customer offer.

## **Localities**

**Community Hubs** – our libraries already offered a significant proportion of services and resources expected as part of the C21 deliverables. Within three libraries we have also begun to offer an enhanced range of customer services functions for residents.

**Community Environmental** – people from different historic teams are now working together to respond to customer enquiries and conduct inspections. Work is now allocated from a central point and the team have introduced enhanced enforcement capabilities for issues such as fly-tipping and littering.

**Community Engagement** – the community development service and community wardens have been merged into one operational team.

## **Highways**

The improvements will be delivered alongside the implementation of a new supplier contract in April 2019 and will include:

- Improved Highways Fault reporting process online
- Online process for Street Name and Numbering
- Improved web content
- A new Highways Performance Management Framework which is aligned to the Wokingham Highways Inspection Policy

## **People Services**

In respect of People Services, now that the new directors in Adults and Children's Services have had time to assess their respective service areas they have begun to work through action plans and these will be presented in due course outside of this quarterly programme update.

## **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.***

At the end of financial year 2019/20 the programme (phase 1 and phase 2) will have secured £3m p.a. of savings (full year effect) as stated in the table below. The £1m savings relating to People Services will be dealt with as part of a wider set of efficiency and growth plans within the Council's Medium Term Financial Plan.

<i>£'000</i>		2016/17	2017/18	2018/19	2019/20	Total
Business Case	Revenue	710	2,180	1,500	0	<b>4,390</b>
	Capital	2,752	1,577	0	0	<b>4,329</b>
	Saving	<b>0</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>0</b>	<b>(4,000)</b>
Actual/Forecast	Revenue	600	1,909	1,492	389	<b>4,390</b>
	Capital	900	2,083	1,146	200	<b>4,329</b>
	Saving	<b>0</b>	<b>(2,000)</b>	<b>(750)</b>	<b>(250)</b>	<b>(3,000)</b>
Variance	Revenue	110	271	8	(389)	<b>0</b>
	Capital	1,852	(506)	(1,146)	(200)	<b>0</b>
	Saving	<b>0</b>	<b>0</b>	<b>1,250</b>	<b>(250)</b>	<b>1,000</b>

#### Other Financial Information

None.

#### Stakeholder Considerations and Consultation

Included in the report.

#### Resourcing and Timeline for Next Steps

Implementation of Customer and Localities should largely be complete by the end of the financial year. The work will be undertaken by the new teams together with support from the programme team. This will be delivered within the existing agreed programme cost.

#### Timeline for Review and Evaluation

Revised business cases to cover the former People Services areas have been brought forward as part of the preparation of the MTFP in the first quarter of 2019.

#### List of Background Papers

None

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**Service** 21st Century Programme

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<b>TITLE</b>	<b>Statement of Community Involvement</b>
<b>FOR CONSIDERATION BY</b>	The Executive on Thursday, 21 February 2019
<b>WARD</b>	None Specific;
<b>DIRECTOR</b>	Director of Locality and Customer Services – Sarah Hollamby
<b>LEAD MEMBER</b>	Executive Member for Business, Economic Development and Strategic Planning - Stuart Munro, Executive Member for Planning and Enforcement - Simon Weeks

## **PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)**

To introduce a new Statement of Community Involvement which fully reflects latest guidelines. This will ensure that residents, businesses and interested parties will understand how consultation will take place with the community on planning policy documents and planning applications, so enabling the council's decisions to be influenced by local opinion.

## **RECOMMENDATION**

It is recommended that the following is agreed by the Executive:

- 1) that the Statement of Community Involvement 2019 is adopted for use in consultation on planning matters;
- 2) that the supporting Consultation Statement and Adoption Statement are noted and published on the Council's website.

## **EXECUTIVE SUMMARY**

A Statement of Community Involvement (SCI) is a document that councils are required to produce that sets out how consultation will take place with the community on planning policy documents and planning applications.

Views were sought on a draft version of the SCI for a 6 week period in November – December 2018.

The comments received during this consultation have been considered and where appropriate have been used to update the draft SCI. Appendix A of this report provides a table setting out all the comments received and the Council's response to these. A full Consultation Statement outlining the consultation process that underpinned the production of the SCI and how comments have been addressed is provided in Appendix C (available online and in hard copy from Democratic Services). The recommended final SCI is provided in Appendix B (available online and in hard copy from Democratic Services).

## **BACKGROUND**

### What is a Statement of Community Involvement?

A Statement of Community Involvement (SCI) is a document that councils are required to produce that sets out how consultation will take place with the community on planning policy documents and planning applications.

The SCI provides clarity on the extent of community involvement that will take place. It further sets out clear consultation procedures and standards that will be followed, so providing transparency for residents and businesses.

### Why do we need a new SCI?

The Council adopted its existing SCI in 2014. Since then there have been changes to national planning policy and guidance, for example it is now a requirement for a SCI to incorporate guidance on how the Council will support communities producing neighbourhood plans.

### Introduction to the revised SCI and consultation

A new draft SCI document was produced with input from various stakeholders across the Council's planning department and beyond. The main changes that were made to the draft SCI from the existing 2014 version were:

- New introductory chapter;
- New section on Neighbourhood Planning, setting out the ways that we will support groups undertaking neighbourhood plans;
- Increased clarity on the type of engagement activity that people can expect at each stage of the production of planning policy documents;
- Updated planning applications section to reflect current process timescales.

Consultation on the draft SCI was held for 6 weeks from 9 November – 21 December 2018 to seek views on the draft document. Further details on how and where the consultation was advertised are set out in the Consultation Statement (Appendix C – available online and in hard copy from Democratic Services). Consultation arrangements complied with both the Council's existing SCI and the draft SCI.

## **Analysis of Issues**

Representations were received from ten respondents. Of these, seven expressed support for the draft SCI or responded they had no comments, and three either sought amendments or raised objections.

The main areas/issues raised by those seeking amendments or objecting are as follows:

- Lack of detail about what a Supplementary Planning Document (SPD) is and why they are needed.
- Comments querying whether views expressed in representations will have any impact on planning decisions. It was also expressed that greater feedback should be provided on how views have been addressed.

- Highlighted that adopted local plan should be adhered to as it is perceived that this has not always been the case.
- Perception that the Council does not have the power to ensure developers deliver the effective consultation / engagement the document asks of them.
- View expressed that more needs to be done to engage people with disabilities and address their needs through the planning system.

The matters raised in representations have been fully considered, and where appropriate, changes made to address these. A full summary of the representations and changes made is provided in Appendix A which is an extract from the larger Consultation Statement (available online and in hard copy from democratic services – Appendix C). This provides feedback to every comment raised through the consultation. The Council's consultation procedure complies with Equalities legislation and is in accordance with the Council's agreed Equality Objectives.

Having reviewed the representations, and taking into account the proposed changes, the SCI is appropriate to be adopted. A copy of the recommended final SCI is available online and in hard copy from democratic services (Appendix B).

### **BUSINESS CASE (Including Options and Evidence of Need)**

The preparation of a SCI is a statutory requirement under the Planning and Compulsory Purchase Act (2004). Local authorities are required to review their SCI every five years. The Council's existing SCI was adopted in 2014 and changes to primary legislation have necessitated a review.

### **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)	No additional cost	Yes	Revenue
Next Financial Year (Year 2)	No additional cost	Yes	Revenue
Following Financial Year (Year 3)	No additional cost	Yes	Revenue

#### **Other Financial Information**

None.

#### **Stakeholder Considerations and Consultation**

Consultation undertaken – see main body of report.

#### **Resourcing and Timeline for Next Steps**

The report recommends the adoption of the SCI.

<b>Timeline for Review and Evaluation</b>
SCIs are required to be reviewed at least every 5 years.

<b>List of Background Papers</b>
<p>Appendix A – Summary of consultation responses</p> <p>Appendix B – Statement of Community Involvement 2019 (available online and in hard copy from Democratic Services)</p> <p>Appendix C – Consultation Statement (available online and in hard copy from Democratic Services)</p> <p>Appendix D – Adoption Statement (available online and in hard copy from Democratic Services)</p> <p>National Planning Policy Framework available:  <a href="https://www.gov.uk/government/collections/revised-national-planning-policy-framework">https://www.gov.uk/government/collections/revised-national-planning-policy-framework</a>  Link to consultation SCI available: <a href="http://www.wokingham.gov.uk/planning-policy/planning-policy-information/local-plan-and-planning-policies/">http://www.wokingham.gov.uk/planning-policy/planning-policy-information/local-plan-and-planning-policies/</a></p>

<b>Contact</b> James McCabe	<b>Service</b> Place Commissioning
<b>Telephone</b> Tel: 0118 908 8333	<b>Email</b> james.mccabe@wokingham.gov.uk



Table 1 – Summary of Consultation responses to the draft Statement of Community Involvement

No.	Consultee	Nature of Comment	Paragraph /Section of SCI	Comment Summary	Council's Response (substantial changes shown by proposed additional wording in <i>italics and underlined</i> and proposed deletions shown <del>struckthrough</del> )
001	Natural England	<b>No comment</b>	N/A	<p>'We are supportive of the principle of meaningful and early engagement of the general community, community organisations and statutory bodies in local planning matters, both in terms of shaping policy and participating in the process of determining planning applications.</p> <p>We regret we are unable to comment, in detail, on individual Statements of Community Involvement but information on the planning service we offer, including advice on how to consult us, can be found at:  <a href="https://www.gov.uk/protected-species-and-sites-how-to-review-planning-proposals">https://www.gov.uk/protected-species-and-sites-how-to-review-planning-proposals.</a>'</p>	Comment noted.
002	Surrey County Council	<b>No Comment</b>	N/A	Thank you for consulting Surrey County Council on the draft Statement of Community Involvement. We have no comments to make on the document.	Comment noted.
003	Highways England	<b>No Comment</b>	N/A	'Highways England has been appointed by the Secretary of State for Transport as strategic highway company under the provisions of the Infrastructure Act 2015 and is the highway authority, traffic authority and street authority for the strategic road network (SRN). The SRN is a	Comment noted.

				<p>critical national asset and as such Highways England works to ensure that it operates and is managed in the public interest, both in respect of current activities and needs as well as in providing effective stewardship of its long-term operation and integrity.</p> <p>We will therefore be concerned with proposals that have the potential to impact the safe and efficient operation of the SRN, in this case the M4.</p> <p>We have reviewed the consultation and have no comments.'</p>	
004	Transport for London	<b>Support</b>	N/A	<p>We note that in appendix 1 the consultation bodies in respect of the Duty to Cooperate lists Integrated Transport Authorities which includes TfL. We welcome continued engagement due to TfL's role in providing Elizabeth Line services within the borough</p>	Support noted.
005	Wokingham Society	<b>General comment</b>	<b>General</b>	<p>It is difficult to determine what text relates solely to this consultation and what will comprise the final document when adopted. We will address the whole document in the absence of clarity.</p>	<p>Text within the draft document is written as it is intended to be adopted. The exception is where the Draft SCI made reference to its own consultation. Upon adoption this text will be updated to reflect the change of tense from present to past. (see table 2 below for minor amendments).</p>

005	Wokingham Society	<b>Suggest change</b>	<b>General</b>	The use of the term 'Statement of Community Involvement' for both this policy document and the evidence of consultation that accompanies a planning application is confusing. Since the former is required by law, could another description be found for the latter, eg 'Evidence of Community Involvement (ECI) or Statement of Community Consultation (SCC)?	The SCI itself only uses the term Statement of Community Involvement in the context of the statutory document that Local Planning Authorities must produce. It is noted that the same term is often used to refer to statements accompanying planning applications which set out how the applicant has undertaken pre-application consultation, and this can be confusing. However, this is outside of the scope of the SCI. <b>NO CHANGE IS REQUIRED.</b>
005	Wokingham Society	<b>Suggest change</b>	<b>Section 2</b>	Paragraph 6.6 urges developers not to engage in a 'tick-box' exercise. Since this criticism has been levelled at the Council in respect of its own consultations (and still continues – see the consultation on Proposed Vision and Priorities which frequently asked 'Do you...?') we urge that a commitment by the Council to try and avoid such exercises be included in the general text, eg in section 2 'Wokingham's approach to consultation'.	Engagement exercises undertaken by the Council's planning functions are genuine attempts to seek opinion from residents and local businesses. Decisions must however be made within legal requirements and with regard to national planning policy and guidance. This can often conflict with local opinion.  <b>CHANGE MADE</b> – Additional paragraph 2.7 added to read as follows: <u>'WBC will not pretend that planning decisions are a completely free choice. Decisions need to be made within legal requirements, have regard to national planning policy and guidance, and take into account technical evidence. There will also be differences of opinion. WBC</u>

					<u>wishes however to reach as many interested parties as possible, so that decisions take into account local opinion.</u>
005	Wokingham Society	<b>Suggest change</b>	<b>Para 1.4</b>	The document not only sets out how the Council consults but also describes what planning applicants need to do to consult the community. We urge that words to this effect be added to this paragraph.	Agree.  <b>CHANGE MADE</b> - additional wording added to para 1.4 as follows: 'This Statement of Community Involvement (SCI) sets out how Wokingham Borough Council (WBC) will involve people in planning decisions. <u>It also sets out what we expect applicants / developers to do to consult communities on proposed developments.</u> The document includes an explanation of what an SCI is, provides a brief overview of the planning system, and then explains how you can get involved in planning decisions and what you can expect from us along the way.
005	Wokingham Society	<b>Suggest change</b>	<b>Para 1.5</b>	This describes the Council's purview but not a planning applicant's responsibility. We suggest the paragraph be reworded to say: In line 2 – 'how we and planning applicants seek to find out what you think.'	Agree.  <b>CHANGE MADE</b> - additional wording added to para 1.5 as follows: 'Firstly, what actually is a Statement of Community Involvement (SCI)? An SCI is a document that sets out how we find out what you think <u>and how we expect</u>

				In line 4 – ‘in the preparation and consideration of planning applications’.	<u>applicants to go about doing the same</u> . This means how consultation will take place with the community, businesses and others during the preparation of planning policy and the <u>preparation and</u> consideration of planning applications. Councils are legally required to produce an SCI and make it available on their website for the public to access.
005	Wokingham Society	<b>Suggest change</b>	<b>Para 2.1</b>	In line 6 remove the comma after ‘engagement’ to clarify that it assists choices rather than making decisions difficult.	Agree.  <b>CHANGES MADE</b> – comma removed.
005	Wokingham Society	<b>Suggest change</b>	<b>Para 2.2</b>	In line 5 it should be ‘includes’ since ‘community’ in line 4 is singular.	Agree.  <b>CHANGES MADE</b> – singular changed to plural.
005	Wokingham Society	<b>Suggest change</b>	<b>Para 2.3</b>	Since developers/landowners proposing major and large scale developments are ‘required’ to (6.2 Figure 7: Pre-application stage), or told they ‘must’ (6.3) consult the local community, the word ‘expects’ in line 1 understates the need for consultation at that level. We suggest that line 1 should read: ‘WBC looks for its duty to engage the community in planning matters to be matched...’	Agree.  <b>CHANGES MADE</b> – text altered as suggested: ‘WBC <u>looks for</u> <del>expects that</del> its duty to engage the community in planning matters <del>should to</del> be matched by the efforts of developers, through the use of the Three Principles (Figure 2):’

005	Wokingham Society	<b>Suggest change</b>	<b>Para 3.5</b>	Line 2 refers to 'made' Neighbourhood Plans. The inverted commas indicate that this is a specialised term and we suggest you define it, eg '(adopted)'.	Agreed.  <b>CHANGES MADE</b> –additional footnote added to clarify the term as follows: <u>'made' is the technical term used in the regulations which simply means 'adopted'. Likewise, any reference to 'making' a neighbourhood plan means 'adopting' a neighbourhood plan.</u>
005	Wokingham Society	<b>Suggest change</b>	<b>Para 4.2</b>	The first sentence is confusing since it is not clear what 'however' refers to. We suggest that this is really two sentences, ie put a full stop after 'Local Plan' in line 2 and begin line 3 as a new sentence 'However...'.  	Agreed.  <b>CHANGES MADE</b> – sentence split into two.
005	Wokingham Society	<b>Suggest change</b>	<b>Para 6.2</b>	This paragraph describes the basic expectation in respect of a domestic planning application, but does not state the onus on developers / landowners to consult the local community in respect of major and large scale plans. We suggest a second sentence be added saying: 'For major and large proposed developments applicants need to consult more widely among the local community'.	Agreed.  <b>CHANGES MADE</b> – Additional sentence added as follows: 'Before submitting a planning application it is recommended applicants consult with immediate neighbours and people who may be affected by proposals. <u>For major and large proposed developments applicants need to consult more widely among the local community.</u> '
005	Wokingham Society	<b>Suggest change</b>	<b>Fig. 7</b>	The last line of the fourth panel, headed 'Determination' uses the word 'listed' but does	Agreed.

				not explain it. We suggest this should read '...Applications being 'listed' (ie required to be put to the Committee) by local Councillors.'	<b>CHANGES MADE</b> – clarification added as suggested
005	Wokingham Society	<b>Suggest change</b>	<b>Para 6.7</b>	The table refers to 'Medium' developments, a term not used elsewhere. Should this not be 'Major', which is the word used and then defined in Table 5 and Appendix 2?	Agreed.  <b>CHANGES MADE</b> – titles changed to 'minor' developments and 'major' developments for consistency of language with elsewhere in the document
005	Wokingham Society	<b>Suggest change</b>	<b>Para 6.7</b>	Since public engagement is a requirement for major and large scale development, we would like to see a statement to the effect that 'failure to engage in such engagement is likely to jeopardise an application when it is considered for determination'.	Agreed.  <b>CHANGES MADE</b> – Additional wording added to para 6.7 as follows: 'These methods or similar can be utilised repeatedly at different stages of the development process (pre-application, submission to the Council and during implementation of the scheme). However early community engagement - as summarised in the table below - will benefit both developers and the community by enabling the creation of appropriate, comprehensive development schemes and enabling subsequent applications to have a smoother progression through the planning system. <u>The council's approach will be consistent with the NPPF which states that:</u>

					<u><i>‘Applications that can demonstrate early, proactive and effective engagement with the community should be looked on more favourably than those that cannot’.</i></u>
005	Wokingham Society	<b>Suggest change</b>	<b>Para 6.12 – 6.14</b>	Section on ‘How will we use your comments?’ It needs to be made clear that this section refers to comments submitted to the planning authority, and not those made to developers in response to their own public consultations. We suggest that the heading in white text on a red background be amended to read: ‘The written comments that are made to the Council on a planning application....’	Agreed.  <b>CHANGES MADE</b> – Heading altered as proposed.
006	James Frewin	<b>General comment</b>	<b>Section 1</b>	‘There is a significant difference between being told and being involved, There is nothing within this section that gives any confidence that engaging will have any benefit or make any difference. It is simply a statement of the need to have a process.’	Section 1 is the introductory, scene-setting chapter. It explains the planning system and what an SCI is, with the more detailed chapters to follow. It is written in an open and honest way, which acknowledges how people can often be frustrated by becoming involved in planning late in the process. It is therefore a call for early participation before the document goes into more detail in subsequent sections. <b>NO CHANGE IS REQUIRED.</b>
006	James Frewin	<b>General comment</b>	<b>Section 2</b>	‘Again there is a significant difference between telling and consultation. There is no indication	Engagement exercises undertaken by the council’s planning functions are genuine



				that by being involved that residents will make any difference. There are no measurable outcomes or benefits for getting involved. Given the record of WBC not listening or taking into account any residents feedback - why should residents get involved?	attempts to seek opinion from residents and local businesses. Decisions must however be made within legal requirements and with regard to national planning policy and guidance. This can often conflict with local opinion. The outcomes of engagement can only be reflected in individual schemes / consultations. It is not possible for an SCI to do this. <b>NO CHANGE IS REQUIRED.</b>
006	James Frewin	General comment	Section 2	<p>The language of this section indicates that WBC have to show they have followed a process but there is nothing that shows that by being involved that residents can make a difference. All they get is informed of the outcome.</p> <p>The levels of trust in WBC are at an extremely low level especially related to planning. If WBC are serious about Community Involvement then there has to be some tangible / measurable benefit in it for residents.'</p>	<b>CHANGE MADE</b> – Additional paragraph 2.7 added to read as follows: <u>'WBC will not pretend that planning decisions are a completely free choice. Decisions need to be made within legal requirements, have regard to national planning policy and guidance, and take into account technical evidence. There will also be differences of opinion. WBC wishes however to reach as many interested parties as possible, so that decisions take into account local opinion.'</u>
006	James Frewin	General comment	Section 3	'There is simply no point in local plans if they are not adhered to. The recent history and behaviours of WBC show that they simply bypass these plans after adoption. The Core strategy and Shinfield Neighbourhood plans are examples. Residents are informed that sites are reserve sites for 2026 and others are not yet WBC hold	The Council has been very successful in implementing its development strategy, delivering development in the allocated places and supporting this through infrastructure investment. Where appeals are lodged against the council's decisions on individual planning

				Executive meetings that change these local plans and there is no consultation or any recourse for residents. Why have local plans if they are simply changed by WBC after consultation?’	<p>applications, the majority of these are dismissed. It is acknowledged however that some decisions made by independent planning inspectors overrule the council’s decision. Without a local plan, a greater proportion of decisions would be allowed on appeal, leading to development occurring in the wrong places and not being supported by infrastructure.</p> <p>The MDD policy SAL03 is clear in setting out a range of situations where reserve sites could be brought forward prior to 2026. A decision was made by the council’s Executive on 27 July 2017 to invite applications on the reserve sites as it was accepted that the 5 year land supply at that specific point in time was not robust and that the release of the reserve sites would help guard against unsustainable, speculative planning applications. The action undertaken by the Council was wholly consistent with criterion 2 of policy SAL03. <b>NO CHANGE IS REQUIRED.</b></p>
006	James Frewin	<b>General comment</b>	<b>Section 3</b>	‘Again all this section sets out is how WBC are going to inform/tell. This is not engagement !!’	<p><b>CHANGES MADE</b> – Additional paragraph 3.8 added to the ‘How We Will Use Your Comments?’ section for added clarity, as follows: <i>‘For each stage of consultation undertaken, we will produce a Statement of</i></p>

					<i>Consultation which summarises all the comments received and how these comments have been used to update the consultation document or inform the strategy moving forward. Where comments have been raised that cannot be addressed, this will also be set out in the Statement of Consultation. Where there are comments received which are not directly relevant to the consultation in question, these will be shared with the relevant people within the council.'</i>
006	James Frewin	<b>General comment</b>	<b>Section 4</b>	'There is NO detail of what and why SPD's are ? So much for the principles of simple language and clarity to help residents involvement. This is planning language. What do SPD actually do? Again examples seem to show they are used to change local and strategic plans without consultation. Is this true? Consultation documents will be clear and concise and avoid unnecessary jargon, ???'	<b>CHANGES MADE</b> – Additional clarification added to paragraph 4.1 as follows: 'Supplementary Planning Documents (SPDs) provide additional guidance to support the <u>specific</u> Local Plan <u>policies</u> . They may provide guidance on a topic area ( <u>e.g. on design, affordable housing</u> ) or provide guidance for a site or sites. <u>SPDs do not set new policy or allocate land, but add further detail to the contents of a Local Plan. So SPDs are not part of the development plan (see Figure 4) but</u> they are a consideration when deciding planning applications.'
006	James Frewin	<b>General comment</b>	<b>Section 5</b>	'There is no where that indicates that these plans are actually carried out. WBC have set precedent	When made, neighbourhood plans (NPs) form part of the statutory development plan

				that they are bypassed when it suits WBC without any further consultation. What measures are in place to show compliance.?’	<p>alongside the council’s local plan. Together they form the starting point for considering planning applications. The Council has been very successful in implementing its development strategy, delivering development in the allocated places and supporting this through infrastructure investment. Where appeals are lodged against the council’s decisions on individual planning applications, the majority of these are dismissed. It is acknowledged however that some decisions made by independent planning inspectors overrule the council’s decision. Without a development plan, a greater proportion of decisions would be allowed on appeal, leading to development occurring in the wrong places and not being supported by infrastructure.</p> <p><b>NO CHANGE IS REQUIRED.</b></p>
006	James Frewin	<b>General comment</b>	<b>Section 6</b>	‘This section states Before submitting a planning application it is recommended applicants consult with immediate neighbours and people who may be affected by proposals. What is the definition of immediate and may be effected? Experience shows that this is inconsistent and is not policed by WBC. What meets the needs of developers and not what is best for residents.’	<p>The document is not prescriptive on the requirements as impacts can vary on a case by case basis. WBC’s consultation practices follow nationally set procedure. <b>NO CHANGE IS REQUIRED.</b></p>

006	James Frewin	<b>General comment</b>	<b>Section 6</b>	‘6.6 The tick box exercise is what the vast majority of residents strongly feel about WBC planning - what initiatives and measures are in place to counter this feeling?’	This is an issue beyond the scope of this particular SCI document. The council is committed to openness and transparency in its consultation exercises. <b>NO CHANGE IS REQUIRED.</b>
006	James Frewin	<b>General comment</b>	<b>General</b>	‘This is not a consultation document but is a process communication. What action will be taken on comments and feedback is unclear and why residents should get involved is also unclear - no benefits and measures are shown.’	Engagement exercises undertaken by the Council’s planning functions are genuine attempts to seek opinion from residents and local businesses. Decisions must however be made within legal requirements and with regard to national planning policy and guidance. This can often conflict with local opinion. The outcomes of engagement can only be reflected in individual schemes / consultations. It is not possible for an SCI to do this. <b>NO CHANGE IS REQUIRED.</b>
007	Finchampstead Parish Council	<b>Support</b>	N/A	Thank you for providing the opportunity to comment on the above. We fully support the principles of extensive community consultation and have no further comments to make.	Support noted
008	Historic England	<b>Support</b>	<b>Section 1 - 6</b>	‘Historic England has no concerns with section 1, 2, 3, 4, 5, 6 of the Draft Statement of Community Involvement 2018.’	Support noted

009	Cllr Imogen Shepherd-DuBey	<b>General comment</b>	<b>Para 2.5</b>	<p>‘The data must be fully available to the public and every comment must be addressed.</p> <p>‘Any additional comments, not expected by the consultation must be treated with respect and passed to relevant department.</p> <p>‘All too often, residents respond to consultations, but the feedback is ignored, because it is not relevant to this particular consultation.’</p>	<p><b>CHANGES MADE</b> –Additional paragraphs added to the ‘How We Will Use Your Comments?’ sections of Chapter 3 and Chapter 4 – see paragraphs 3.8 and 4.5. This is sign posted by additional wording added to 4<sup>th</sup> bullet point below para 2.5 as follows: ‘Consultation outcomes will be made accessible to the public (<u>see following chapters for how</u>).’</p>
009	Cllr Imogen Shepherd-DuBey	<b>Suggest change</b>	<b>Para 4.3</b>	<p>‘I don't see a reference to any Equality Impact Assessments. In all projects and plans - the needs of the protected groups needs to be considered and accommodated. All plans should include this consideration.</p> <p>‘All of the groups mentioned under the equalities act should be consulted.’</p>	<p><b>CHANGES MADE</b> – Additional paragraph (2.6) added to chapter 2, the section which sets out the Council’s overarching approach to consultation, as follows: <u>Every effort will be made to consult and accommodate the needs of protected groups. For projects and plans undertaken, an Equality Impact Assessment statement will be prepared in line with Council policy.</u></p>
009	Cllr Imogen Shepherd-DuBey	<b>Suggest change</b>	<b>Table 4</b>	<p>‘This must include protected groups, especially disability groups. We do not want to be submitting applications that are not friendly to disabled users.</p>	<p>Noted – additional wording added elsewhere as paragraph 2.6. This is also covered already at Table7: Engaging Hard to Reach Groups’.</p>

009	Cllr Imogen Shepherd-DuBey	<b>General comment</b>	<b>Table 4</b>	'I would like to see ALL properties built to be accessible to wheelchair users and safe for people with differing abilities.'	The design and accessibility of housing – as well as other specifics of planning - are issues for the local plan, specific SPDs, and applications and cannot be addressed through the SCI. <b>NO CHANGE IS REQUIRED.</b>
009	Cllr Imogen Shepherd-DuBey	<b>Suggest change</b>	<b>Para 6.17</b>	'Sometimes there is more than one councillor and the time slot is not a dedicated one as it has to be shared with the interested parties. There are not three slots, but I would prefer it if there were!'	<p>Agree.</p> <p><b>CHANGES MADE</b> – Text altered for additional clarity as follows: 'There are three dedicated speaking slots per application for the <del>Borough Councillor, a representative of the</del> <u>Town/Parish Council and the applicant, and one additional slot for any other interested parties (usually residents) who have arranged to address the Committee</u> <u>Town or Parish Council; objectors; and applicants, agents or supporters. All parties wishing to address the Committee must register online their intention to speak in advance of the meeting.</u> Each of <u>the three</u> slots is allocated a maximum of three minutes for speakers to make their points; if several <del>residents</del> <u>people (be they residents, councillors, agents)</u> wish to speak, then the combined length has to fit into the specified three minute time limit. It is therefore recommended that if large numbers of people share similar views on an</p>

					application then they should organise a spokesperson to represent them. After each Planning Committee the minutes of the meeting are made available to view on the Council's website.'
009	Cllr Imogen Shepherd-DuBey	<b>General comment</b>	<b>General</b>	'There is not enough support for people with disabilities when it comes to planning applications - there needs to be more attention to this group in the consultation and planning stages.'	People with disabilities, and other hard to reach groups, are covered in the section 'Hard to Reach Groups' of the SCI which sets out ways to include people with disabilities in planning. All projects and plans will need to produce an Equality Impact Assessment in line with Council policy. For planning applications, design and access statements accompanying applications will need to consider the needs of people with disabilities.
010	Canal and Rivers Trust	<b>No comment</b>	N/A	As the Trust neither owns or maintains any waterway in the area we have no comments to make.	Comment noted