



WOKINGHAM BOROUGH COUNCIL

A Meeting of the **AUDIT COMMITTEE** will be held in David Hicks 1 - Civic Offices, Shute End, Wokingham RG40 1BN on **WEDNESDAY 2 FEBRUARY 2022 AT 7.00 PM**

A handwritten signature in black ink, appearing to read 'Susan Parsonage', written in a cursive style.

Susan Parsonage
Chief Executive

Published on 25 January 2022

Note: Although non-Committee Members and members of the public are entitled to attend the meeting in person, space is very limited due to the ongoing Coronavirus pandemic. You can however participate in this meeting virtually, in line with the Council's Constitution. If you wish to participate either in person or virtually via Microsoft Teams, please contact Democratic Services. The meeting can also be watched live using the following link:
<https://youtu.be/E3lzy7GM9is>

Please note that other people may film, record, tweet or blog from this meeting. The use of these images or recordings is not under the Council's control.



WOKINGHAM BOROUGH COUNCIL

Our Vision

A great place to live, learn, work and grow and a great place to do business

Enriching Lives

- Champion outstanding education and enable our children and young people to achieve their full potential, regardless of their background.
- Support our residents to lead happy, healthy lives and provide access to good leisure facilities to complement an active lifestyle.
- Engage and involve our communities through arts and culture and create a sense of identity which people feel part of.
- Support growth in our local economy and help to build business.

Safe, Strong, Communities

- Protect and safeguard our children, young and vulnerable people.
- Offer quality care and support, at the right time, to prevent the need for long term care.
- Nurture communities and help them to thrive.
- Ensure our borough and communities remain safe for all.

A Clean and Green Borough

- Do all we can to become carbon neutral and sustainable for the future.
- Protect our borough, keep it clean and enhance our green areas.
- Reduce our waste, improve biodiversity and increase recycling.
- Connect our parks and open spaces with green cycleways.

Right Homes, Right Places

- Offer quality, affordable, sustainable homes fit for the future.
- Build our fair share of housing with the right infrastructure to support and enable our borough to grow.
- Protect our unique places and preserve our natural environment.
- Help with your housing needs and support people to live independently in their own homes.

Keeping the Borough Moving

- Maintain and improve our roads, footpaths and cycleways.
- Tackle traffic congestion, minimise delays and disruptions.
- Enable safe and sustainable travel around the borough with good transport infrastructure.
- Promote healthy alternative travel options and support our partners to offer affordable, accessible public transport with good network links.

Changing the Way We Work for You

- Be relentlessly customer focussed.
- Work with our partners to provide efficient, effective, joined up services which are focussed around you.
- Communicate better with you, owning issues, updating on progress and responding appropriately as well as promoting what is happening in our Borough.
- Drive innovative digital ways of working that will connect our communities, businesses and customers to our services in a way that suits their needs.

MEMBERSHIP OF THE AUDIT COMMITTEE

Councillors

Maria Gee
Imogen Shepherd-DuBey

Angus Ross
Shahid Younis (Vice-
Chairman)

Daniel Sargeant (Chairman)
Abdul Loyes

Ian Shenton

ITEM NO.	WARD	SUBJECT	PAGE NO.
47.		APOLOGIES To receive any apologies for absence	
48.	None Specific	MINUTES OF PREVIOUS MEETING To confirm the Minutes of the Meeting held on 30 November 2021.	5 - 12
49.		DECLARATION OF INTEREST To receive any declarations of interest	
50.		PUBLIC QUESTION TIME To answer any public questions A period of 30 minutes will be allowed for members of the public to ask questions submitted under notice. The Council welcomes questions from members of the public about the work of this committee. Subject to meeting certain timescales, questions can relate to general issues concerned with the work of the Committee or an item which is on the Agenda for this meeting. For full details of the procedure for submitting questions please contact the Democratic Services Section on the numbers given below or go to www.wokingham.gov.uk/publicquestions	
51.		MEMBER QUESTION TIME To answer any member questions	
52.	None Specific	CORPORATE PLAN - ANNUAL REVIEW To consider the Corporate Plan – Annual Review.	13 - 28
53.	None Specific	WOKINGHAM BOROUGH COUNCIL AUDIT COMMITTEE PROGRESS REPORT - UPDATE ON THE 2020/21 STATEMENT OF ACCOUNTS To receive the Wokingham Borough Council Audit Committee Progress Report.	29 - 36
54.	None Specific	TREASURY MANAGEMENT STRATEGY 2022-2025 To receive the Treasury Management Strategy 2022-	37 - 82

2025.

- | | | | |
|------------|---------------|---|------------------|
| 55. | None Specific | CORPORATE RISK REGISTER
To receive the Corporate Risk Register. | 83 - 106 |
| 56. | None Specific | INDEPENDENT MEMBER OF AUDIT COMMITTEE
To receive a report regarding an Independent Member of the Audit Committee. | 107 - 116 |

Any other items which the Chairman decides are urgent

A Supplementary Agenda will be issued by the Chief Executive if there are any other items to consider under this heading

CONTACT OFFICER

Madeleine Shopland
Tel
Email
Postal Address

Democratic & Electoral Services Specialist
0118 974 6319
madeleine.shopland@wokingham.gov.uk
Civic Offices, Shute End, Wokingham, RG40 1BN.

**MINUTES OF A MEETING OF THE
AUDIT COMMITTEE
HELD ON 30 NOVEMBER 2021 FROM 7.00 PM TO 8.40 PM**

Committee Members Present

Councillors: Maria Gee, Angus Ross, Daniel Sargeant (Chairman), Imogen Shepherd-DuBey, Shahid Younis (Vice-Chairman), Abdul Loyes and Ian Shenton

Also Present

Helen Thompson, Ernst and Young
Stephan Van Der Merwe, Ernst & Young
Madeleine Shopland, Democratic & Electoral Services Specialist
Catherine Hickman, Lead Specialist, Audit and Investigation
Andrew Moulton, Assistant Director Governance
Matt Pope, Director Adult Services
Mark Thompson, Chief Accountant
Bob Watson, Assistant Director Finance

35. APOLOGIES

There were no apologies for absence received.

36. MINUTES OF PREVIOUS MEETING

The Minutes of the meeting of the Committee held on 15 September 2021 were confirmed as a correct record and signed by the Chairman.

37. DECLARATION OF INTEREST

Councillor Shahid Younis declared a personal interest on the grounds that he was a Non-Executive Director of Loddon Homes.

38. PUBLIC QUESTION TIME

There were no Public questions.

39. MEMBER QUESTION TIME

There were no Member questions.

**40. WOKINGHAM BOROUGH COUNCIL UPDATE AUDIT PLANNING REPORT
YEAR ENDED 31 MARCH 2021**

The Committee considered the Wokingham Borough Council Update Audit Planning Report Year ended 31 March 2021.

During the discussion of this item the following points were made:

- Helen Thompson, EY, confirmed the completion of the audit planning, which had been largely completed at the time of the last committee, apart from value for money.
- In terms of value for money the initial risk assessment against the three reporting criteria, had been completed. No significant risks in relation to the Council's proper arrangements had been identified, therefore no specific work in any particular area was required.
- The commentary which would be provided as part of the Auditor's Annual Report would be presented to the Committee once the audit had been completed.

- There had been a change in the auditing standard around the auditing accounting estimates, which had increased the work required on actuarial models in particular.
- The audit was in progress, and it was anticipated that a report would be presented at the February committee meeting.
- Councillor Shenton questioned whether items subject to accounting estimates included investment or other properties. Helen Thompson commented that the most prominent estimates that were included were around Property, Plant and Equipment valuations and the IAS 19 Pension Liability reported in the Financial Statements. There were other estimates in the financial statements, but not all would be subject to the same level of complexity and judgement.

RESOLVED: That the Wokingham Borough Council Update Audit Planning Report Year ended 31 March 2021 be noted.

41. UPDATE ON 2020/21 STATEMENT OF ACCOUNTS

Members were updated on the 2020/21 Statement of Accounts.

During the discussion of this item, the following points were made:

- Helen Thompson commented that it would have been a challenge to have the audit completed for the committee meeting given that the 2019/20 audit had been signed off in August. Members were informed that the areas of work were well underway. There was work to complete across all areas of the audit, particularly the valuation of Property, Plant and Equipment investment properties and the IAS 19 Pension Liabilities, which would continue into December and January.
- The Assistant Director Finance highlighted that whilst budget setting had commenced early it had run on into the period. The delay in signing the previous accounts had meant a delay in beginning the accounts.
- Members were informed that 91% of local authorities had not met the deadline for signing their accounts. Some had also not signed off their 2019/20 accounts. It was hoped that the signed set of accounts would be brought to the February Committee meeting.
- Councillor Sargeant questioned whether the Committee would review a draft set of accounts before they were signed off. It was noted that a draft set of accounts was published on the website. It was anticipated that the Committee would have early sight of the draft accounts. Helen Thompson added that the accounts needed to come to the Committee in February for approval. The Audit Results Report would help inform it.
- Councillor Sargeant sought an update on where EY and the Council were with regards to valuation work. Helen Thompson stated that they were better progressed at this stage of the audit. Conversations had been had with the valuations team, the sample selected, and information provided from the Council's valuers to the EY team or the EY Real Estate Team which was looking at a number of assets. The Real Estate Team continued to be under pressure.
- Councillor Gee questioned whether the valuation of property and pensions was holding up the audit. Helen Thompson commented that the audit started in October and that there was a lot of work to complete.
- Councillor Gee went on to state that the latest version of the accounts on the website was dated 30 July. The Assistant Director Finance confirmed that this was the version that had been available for inspection by the public.
- Councillor Gee went on to state that the existing version of the accounts stated that adjustments still needed to be made in August 2021 for revaluation of Council

dwelling and approximately 60 other assets. Adjustments were also needed for assets held for sale, including sale of residential properties related to Elms Field redevelopment and one HRA property. Councillor Gee questioned the nature of the adjustments, how much they were, whether they were reducing income and whether they were realised or unrealised. The Assistant Director Finance agreed to provide this information following the meeting. Councillor Gee asked that this include those amounts which would hit the income and expenditure account.

- Councillor Gee sought clarification as to whether realised losses were taken against income available for services. The Assistant Director Finance indicated that it depended on the nature of the loss. If it was a downward valuation, then it would be written through the income and expenditure into a valuation reserve. The revaluation reserve would be brought down to a point where if it went below its original holding value, it was then charged to the income and expenditure account.

RESOLVED: That the update on the 2020/21 Statement of Accounts be noted.

42. CORPORATE RISK REGISTER

The Committee considered the Corporate Risk Register.

During the discussion of this item, the following points were made:

- Members praised the presentational changes made to the Corporate Risk Register.
- Since the last report to Committee a risk around 'Health and Social Care reforms' had been added.
- The "IT Infrastructure" and "Telephony" risks had been removed following the successful mitigation of both risks.
- A number of statutory duty risks such as Health and Safety, regulatory inspections and equalities had been amalgamated under one risk "Failure to meet Statutory Duties."
- In response to a request from the Committee, the Director Adult Services outlined the approach to risk taken by the Department and the Department Risk Register. Members were advised that the Departmental Risk Register was discussed at least once a month and regularly reviewed through the departmental leadership team. Those risks which were particularly high were considered by the Corporate Risk group and escalated. Discussions were also had at the Corporate Leadership Team.
- Risk 13 Health and Social Care Reform was an emerging risk. Currently it was predominantly a financial risk to the Council. The Director Adult Services explained that the Government had announced the intention to address the long-term future of Adult Social Care funding. As part of this the Levy had been announced which would generate approximately £12billion a year, however only in the region of £1.8 billion of this was going to Adult Social Care. Changes around the care cap and funding threshold would mean that the gap between what the Council was likely to receive and the additional cost to the Council, was significant, potentially £20million or higher. One of the reasons why it was such a large risk to Wokingham Borough, was the high level of self-funders. Currently the Council supported in the region of 1,700 to 1,800 individuals. This could potentially rise to approximately 5,000. Mitigating actions included conversations with the Government and the MPs around the impact.
- Risk 6 – Failure to meet statutory duties and Risk 14 – Failure to meet statutory duties (Safeguarding Adults) were well mitigated.

- Risk 7 – Adult Social Care Supplier Sustainability – related to the Adult Social Care market. This market was struggling from historic under funding and other factors such as Covid, Brexit and recruitment issues. Capacity could be difficult to secure.
- Councillor Shepherd-DuBey asked about the impact of any care workers having to leave their role because they were unvaccinated. The Director of Adult Services explained that Covid vaccinations were mandatory for care workers who went into care homes. This had impacted only small numbers and the viability of the care homes had not been impacted. However, it added to capacity issues in addition to other factors such as under funding and recruitment issues. The care market needed to grow.
- Councillor Shepherd-DuBey went on to ask about the support of charities which had provided a lot of support to residents during the pandemic. The Director Adult Services commented that in the absence of a long term funding deal for Adult Social Care, it was very difficult to commit to long term funding for charities. Work was being undertaken via the Voluntary Sector Strategy.
- In response to a question from Councillor Loyes, the Director Adult Services emphasised that any financial impact from the Health and Social Care reforms would have a net increase burden on the Council as a whole.
- Councillor Younis stated that the pandemic had increased the impact of mental health issues and pressure on mental health services. He questioned whether this should be reflected in the Corporate Risk Register. The Director Adult Services emphasised that the majority of services for mental health in the Borough, were managed by health. The role of the Council related to people's social care needs around mental health, and also prevention. An increase in need had been seen following the pandemic, but new services such as the MIND service, had been introduced to help mitigate this. Demand was currently monitored on the Directorate risk register.
- Councillor Gee questioned how long the Adult Social Care precept was anticipated to last and if it was likely to increase. The Levy had been announced but it was not yet clear how it would be used.
- Councillor Sargeant asked whether the change in relationship with Optalis had had an impact on the ability to manage risks. He was informed that the changes had had a positive impact.
- With regards to Risk 12 High Needs Block overspend, Councillor Gee questioned what was meant by 'Due to the increased demand and costs of SEN education provision there is the risk that the DfE requires repayment of our high needs block overspend of £xm resulting in a significant impact on reserves and budget pressures.' The Assistant Director Finance explained that the Dedicated School Grant was a ringfenced element from funds received from the Department for Education. Historically it had been insufficient for the level of needs that had to be provided for, and there had been an overspend. Under Government Guidance the Council had been able to build up a deficit of unusable reserves on the accounts. The risk highlighted that any change in policy may mean that the Council would be required to make up the deficit shortfall. The risk was not highly likely at present but would potentially have a large impact should it come about. Councillor Gee questioned what the deficit was currently running at and was informed that it was approximately £4million. Members were reminded that it was reported in the Quarterly Monitoring Reports to the Executive.
- Councillor Younis commented that Risk 12 had been on the Corporate Risk Register for some time. He referred to the mitigating action 'Discussions with the Education and Skills Funding Agency around additional funding' and asked how

these discussions were progressing. He was informed that the Council was required to have an action plan in place to slow the increase in the deficit.

- Councillor Shepherd-DuBey asked what the risk would be should funding not be received for the Winnersh Farm School. The Assistant Director Governance agreed to refer this query to Children's Services and to feed back to the Committee.
- Councillor Shepherd-DuBey stated that Risk 1 Budget and Financial Resilience remained at a high level. She questioned why this had not reduced. The Assistant Director Governance highlighted the uncertainty around the 3 year settlement which was due to be announced.
- Councillor Gee indicated that she was satisfied with the identification of the risks and some of the controls identified. She expressed dissatisfaction with the lack of movement in some of the risks. With regards to Risk 1, she indicated that the mitigating actions had been unchanged for some time. The Assistant Director Governance commented that with the new presentational style, it was now easier to see the target that was being aimed for. There was an aspiration to reduce the impact and likelihood of risks. Part of the Committee's role was to challenge if the mitigations were correct and provide further suggestions.
- Councillor Shenton referred to the risk relating to Climate Emergency and the complexity of behaviour change. He questioned why more was not being done to promote sustainable transport and walking. The Assistant Director Governance stated that in the presentation of the new risk register, Officers had tried to be clearer as to what the risks were. The Climate Emergency risk was multi-faceted, and Officers would review the risk mitigation actions to ensure that they were appropriate.
- Councillor Ross was of the opinion that Risk 7 could be more clearly worded.
- Councillor Loyes asked how discussions were progressing with Reading Borough Council regarding the Winnersh Farm School. The Assistant Director Governance indicated that he would seek a response from Children's Services.

RESOLVED: That the risks and mitigating actions of the Council's corporate risks as detailed in the attached CRR be noted.

43. TREASURY MANAGEMENT MID - YEAR REPORT 2021-22

The Committee considered the Treasury Management Mid-Year Report 2021-22.

During the discussion of this item the following points were made:

- The Mid Year report was the second of the Treasury Management reports presented to the Committee and on to Council, over the year.
- The Mid Year report was at the 30 September 2021 and gave a summary of where the Council was with its Prudential Indicators and the likely outturn at the end of the financial year in terms of level of debt, level of borrowing, and the return on investments.
- Prudential indicators had been made clearer following previous observations made by the Committee.
- Members were reminded that the report was no longer considered by the Executive but went direct to Council from the Audit Committee.
- Councillor Loyes referred to the less internal funded borrowing under the Council's Net Indebtedness and asked for further information. The Assistant Director Finance commented that at the time of the Outturn Report borrowing had exceeded the capital financing requirement. The Council was working to reverse the level of over borrowing to where the Council was potentially one third internally borrowing funded

and two thirds external funded borrowing. At year end the position was £190million of internal funded borrowing, by repaying elements of debt when receipts had been available to repay it and reducing the level of internal investments.

- In response to a question from Councillor Loyes regarding the difference between the HRA figures the Assistant Director Finance explained that this related to a change in financing costs against the actual revenue stream in the HRA. A reduction in the ratio was a good news story.
- Councillor Gee referred to revaluation losses and losses on sale. She questioned how much this year and the previous year had gone through the income and expenditure account, reducing income available to spend on services. The Assistant Director Finance indicated that the Treasury report was based on the availability and returns the Council was taking from the investment strategies. The investments, assets and the income and expenditure account were part of the Statement of Accounts. Any money generated from investment activity over and above the cost of financing the investment activity became available for services to residents.
- The revaluation for Carnival Pool was operational, land and buildings and not investment properties.
- Minimum revenue provision for investment properties was currently running at 10% over 15 years. If an extraordinary reduction in the value of the properties was seen the Council would need to make a voluntary revenue provision through the accounts to ensure that any devaluation on the properties was covered.
- Minimum revenue provision was discussed in detail.
- Councillor Shepherd-DuBey commented that capital expenditure for forthcoming years had been reprofiled and questioned how this had been achieved. She was informed that this was part of capital monitoring. When the Council monitored its capital expenditure programme for the year and set its capital budgets going forwards for the next few years, the amount spent on capital impacted on the amount needed to be borrowed as a Council. The Capital Monitoring reports considered by the Executive contained details of what capital programmes had been reprofiled.
- The contents of "Table A", as set out in the report, showed the net benefit per council tax band D equivalent, from the income generated less the financing costs on all borrowing to date equated to £36.62 per band D for 2021/22. Councillor Loyes asked how likely it was that this figure would change. The Assistant Director Finance commented that it may change depending on fluctuations in the Bank of England base rate. The Chief Accountant indicated that the Council was not forecasting to take any further external borrowing until March.

RESOLVED: That the Audit Committee supports the Treasury Management Mid-Year Report 2021-22, recommends it to Council and notes:

- 1) that all approved indicators set out in the Treasury Management Strategy have been adhered to;
- 2) the contents of "Table A", as set out in the report, which shows the net benefit per council tax band D equivalent, from the income generated less the financing costs on all borrowing to date equates to £36.62 per band D for 2021/22. This income is used by the Council to continue to provide priority services for the borough residents.

- 3) As at the end of September 2021, the total external general fund debt was £416m, which reduces to £120m after taking into account cash balances (net indebtedness); External debt is forecast to reduce to £266m by the end of the financial year.

44. PROCUREMENT OF EXTERNAL AUDIT

The Committee considered a report regarding the procurement of external audit.

During the discussion of this item, the following points were made:

- Under the Local Government Audit & Accountability Act 2014, the Council was required to have appointed an external auditor to audit the accounts. The Council had previously opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23.
- The Assistant Director Governance highlighted the possible options. Officers recommended that PSAA be used, which was the approach used by most Councils.
- Councillor Shenton asked whether there was a requirement to rotate auditors and was informed that PSAA had a requirement that engagement leads were rotated every 5 years (with a possibility of extension for 2 years). There was some rotation at firm level.

RESOLVED: That it be recommended to Council that external audit be procured using the Sector Led Body, the PSAA, by indicating an option to 'opt in.'

45. 2021/22 INTERNAL AUDIT AND INVESTIGATION WORK PROGRAMME UPDATE TO 31 OCTOBER 2021

The Committee considered the 2021/22 Internal Audit and Investigation Work Programme update to 31 October 2021.

During the discussion of this item, the following points were made:

- Since the last report the Team had been undertaking a number of audits of key corporate risks, including the Council's Corporate Governance arrangements. This audit helped to demonstrate the new added value approach to undertaking audits. A toolkit had been developed for the ongoing monitoring of the Council's Corporate Governance arrangements against its Local Code of Corporate Governance. The aim was to assist in the further embedding of corporate governance across the Council. This work would also inform the preparation of the Annual Governance Statement and the associated action plan.
- The Corporate Governance audit had also helped to inform the Peer Review.
- Work had commenced with regards to a Climate Emergency audit. A joint piece of work under a co-sourced arrangement was being undertaken, which would help to enhance the audit product where more technical expertise was required. Scoping had been undertaken with Price Waterhouse Coopers and the audit would begin in December.
- Two pieces of work were being scoped around Equality and Diversity.
- A high-level review around the Public Protection Partnership had been agreed and was planned for early Quarter 4.
- Appendix A detailed the status of the audits from the 2021/22 Audit Plan. No audits completed to date had received a category 3 or 4 audit opinion.

- Councillor Gee questioned how likely it was that all audits were achieved by March. The Lead Specialist, Audit and Investigation commented that some factors may cause delays. Any delays would be reported back to the Committee. There was usually some carry forward into the next year.
- Councillor Gee emphasised that the Climate Emergency audit had been requested by the Audit Committee in addition to Overview and Scrutiny. The Assistant Director Governance clarified Overview and Scrutiny had recommended a carbon audit.
- Councillor Gee asked that the key for the audit opinion be included in future reports.
- Councillor Shepherd-DuBey questioned whether how calls were put through from customer services to other departments, was monitored. She was informed that there was nothing in the current audit plan, but concerns could be picked up for future audit work.

RESOLVED: That the progress of audit and investigation activity against the 2021/22 Work Programme as at 31 October 2021 (attached as Appendix A) be noted.

46. FORWARD PROGRAMME

The Committee considered the forward programme for the remainder of the municipal year.

During the discussion of this item, the following points were made:

- Helen Thompson indicated that the 2020-21 Annual Audit Letter should be renamed Auditor's Annual Report. It was hoped that a draft would be available for the meeting. It was possible that the report would need to be taken to the following meeting.
- It was likely that the Outline Audit Plan would need to be deferred to June.
- The 2022/23 Internal Audit and Investigation Plan, Strategy and Internal Audit Charter would be presented at the next meeting.
- The Committee thanked the Assistant Director Finance for his hard work over the years and wished him well in his new role outside of the Council.

RESOLVED: That the forward programme be noted.

TITLE	Corporate Plan - Annual Review
FOR CONSIDERATION BY	Audit Committee on 2 February 2022
WARD	None Specific
LEAD OFFICER	Graham Ebers – Deputy Chief Executive Officer

OUTCOME / BENEFITS TO THE COMMUNITY

This report demonstrates the Council's delivery against its strategic priorities which are set out in the Corporate Delivery Plan. These are:

- Safe, Strong Communities
- Enriching Lives
- Right Homes, Right Place
- Keeping the Borough Moving
- A Clean Green Borough
- Changing the Way We Work for You and Be the Best We Can Be

RECOMMENDATION

The Committee is asked to note the activity and output from the Council over the past year and recommend the adoption of this annual report for the 2020/21 municipal year to the Executive.

SUMMARY OF REPORT

This report is to allow the Audit Committee to note how the Council has delivered against the objectives set out in the Corporate Delivery Plan. It should be viewed in tandem with the Statement of Accounts which is published alongside this report and gives the financial context of the performance of the Council against its aims.

February 2020, we set out our vision of Wokingham Borough as "A great place to live, learn, work and grow and a great place to do business". Later that same month, the first case of Covid-19 was reported in the borough signalling the start of the most challenging 12 months we have faced as a local authority. Our vision is underpinned by our strategic priorities. There are five outward focused priorities:

- Safe, Strong Communities
- Enriching Lives
- Right Homes, Right Place
- Keeping the Borough Moving
- A Clean Green Borough

Additionally, there are two inward focused enablers:

- Being the best we can be
- Changing the way we work for you

These set our ambition to continuously improve, whilst effectively and proactively meeting the needs of our communities. This Annual Review sets out how we have risen to the challenge of Covid-19 and how we have made progress towards these priorities during 2020/21. It documents our achievement in the face of adversity.

The report can be found attached in appendix A
--

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

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

Other financial information relevant to the Recommendation/Decision
N/A

Cross-Council Implications

Public Sector Equality Duty
Please confirm that due regard to the Public Sector Equality Duty has been taken and if an equalities assessment has been completed or explain why an equalities assessment is not required.

Reasons for considering the report in Part 2
N/A

List of Background Papers
N/A

Contact Louise Griffin, Will Roper	Service Digital and Design
Telephone No Tel: 07802717583,	Email louise.griffin@wokingham.gov.uk, will.roper@wokingham.gov.uk



WOKINGHAM
BOROUGH COUNCIL

CORPORATE PLAN: ANNUAL REVIEW 2020/2021

ACHIEVEMENT IN THE
FACE OF ADVERSITY





SECTION 1: INTRODUCTION:

In February 2020, we set out our vision of Wokingham Borough as “A great place to live, learn, work and grow and a great place to do business”. Later that same month, the first case of Covid-19 was reported in the borough signalling the start of the most challenging 12 months we have faced as a local authority.

Our vision is underpinned by our strategic priorities.

There are five outward focused priorities:

- Safe, Strong Communities
- Enriching Lives
- Right Homes, Right Place
- Keeping the Borough Moving
- A Clean Green Borough

Additionally, there are two inward focused enablers:

- Being the best we can be
- Changing the way we work for you

These set our ambition to continuously improve, whilst effectively and proactively meeting the needs of our communities.

This Annual Review sets out how we have risen to the challenge of Covid-19 and how we have made progress towards these priorities during 2020/21. It documents our achievement in the face of adversity.

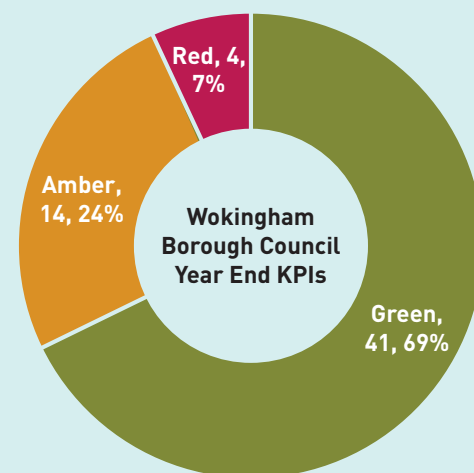
Summary of Operational Performance Indicators

Our key performance indicators (KPIs) show how we are performing against our priorities and statutory obligations. We have 59 KPIs, of which 55 were above or near target for the year 2020/21 despite the impact of Covid-19.

The 4 red results all had significant impact from Covid-19:

- Leisure Centre visitor numbers
- Leisure Centre participation
- Library visits
- People with long term care receiving a review

The first three of these were impacted through closure of the services.



SECTION 2: COVID-19 RESPONSE:

Through the spring and early summer of 2020, the need to respond to Covid-19 was almost all-encompassing for us and it continued to be a key area of focus throughout 2020/21, in particular in Adult Social Care.

- Adults Social Care along with 153 redeployed staff carried out 20,000 welfare checks to the vulnerable. Additionally, made 2,400 calls to adults known to social care were made and 500 calls to carers
- More 400,000 pieces of PPE distributed to frontline carers
- Care Home Taskforce created to rapidly put in place a cohesive protocol that could be immediately implemented to ensure providers were effectively supported to mitigate the risks of COVID. This ensured providers were well supported and enabled enduring relationships and partnerships to develop. This also enabled statutory oversight into care settings to be maintained

- The Public Health Team provide consistent Public Health and Health Protection data and advice to elected members, corporate leadership and the COVID Taskforce to ensure agile responses across the pandemic underpinned by evidence, national guidance and based on Public Health expertise
- Provided leadership in the management of outbreaks in high-risk settings across communities within the Borough
- Supported local children with free school meal provision during lockdown and over the school holiday periods
- 400 more people than the previous year were discharged from hospital back into the borough
- Voluntary and Community Sector action group was created to support the COVID response, in particular the development of the One Front Door initiative, access to prescriptions, social isolation and creation of the Food Hub - 5,000 food deliveries to 1,500 residents and more than 900 prescriptions delivered during the first lockdown





SECTION 3: SOUND FINANCES TO UNDERPIN ALL COUNCIL ACTIVITY:

- £53 million in support to local business through 1,147 separate grants worth £33 million and reliefs and discounts of £20 million
- 4,800 engagements with businesses through the Public Protection Partnership and COVID Marshall to businesses across the borough
- Provided accurate and timely information to residents with health advice, Government guidance and regulations, sign-posting to support and service update via Covid-19 e-newsletters with more than 40,000 subscriptions
- More than 500 volunteers worked at our vaccination clinics and 200 signed up to help at our rapid testing centres
- Public Health Co-leadership in the set up and running of the COVID data cell to ensure a data driven response considering the data and evidence to keep all communities within the Borough safe
- Test and trace - 1,292 calls made to residents who were self-isolating. 220 of these have been referred to One Front Door for additional support
- More than £360,000 paid out in the Covid Winter Grant Scheme
- Worked continuously with partners in the set up and ongoing planning and implementation of the COVID vaccination delivery programme for the protection of the health of our residents.
- Sourced emergency accommodation for care workers coming into the Borough to assist in our care homes
- Seamless move to almost all colleague working from home allowed for almost all services to continue uninterrupted
- Looked ahead by building a robust Recovery Strategy that will allow the community and local businesses to thrive.
- Retained face-to-face visits to the most vulnerable children and families, keeping them safe in unprecedented circumstances. This dual task was addressed through swift assessment and prioritisation of children and young people for retention of face-to-face visits, use of strict PPE and safety protocols, and introducing virtual visiting across the broad range of support activity. In 20/21 over 95% of visits to children subject to Child Protection Plans were conducted face-to-face, amounting to over 4000 visits.
- Enhanced support to schools to promote safe and effective learning. The Council provided a daily email update to all headteachers informing them of Department of Education guidance and legislative changes that affect schools in relation to COVID, weekly virtual drop in's for senior school leaders that have been well attended; weekly thematic sessions for teaching staff to support COVID related responses in schools; guidance in relation to accessing technology for pupils to support their remote learning, through periods of lockdown or bubble closure; support for Lateral Flow Testing arrangements and contact tracing (including outbreak management support); and celebrating the achievements of pupils, students and teachers who have worked tirelessly throughout these challenging times.
- During the early phase of Lockdown, our GP and Voluntary Sector Partners noted that people in the Borough were finding managing their mental health challenging. In response, a health and social care system wide Mental Health Training session was implemented
- Produced a library of free online workout videos for residents to help people stay healthy in lockdown

Following the start of the COVID pandemic, we took immediate action to set up robust, enhanced financial monitoring and reporting. Financial trackers were introduced across all Directorates with a Council wide tracker developed at both a summary level and a detail level. The finance team prioritised the monitoring of the financial impact, working closely with all services to understand the implications. This was a complex task.

Where known, implications were considered as part of budget setting for the 21/22 financial year and will also be considered in future budget setting rounds.

Despite the impact of COVID the Council was able to deliver on its savings targets. A revenue budget of £143.5m (£129.7m expenditure plus £13.8m depreciation) was approved at its meeting on 20 February 2020. The actual spend for 2020/21 was £0.8m favourable variance to budget.

The Council continues to invest in its asset base in order to improve services to residents and to support the financial sustainability of the organisation. Capital expenditure in the year totalled £123.5m (2019/20 £171.3m) as set out in report to the Council's Executive on 24 June 2021. Occupation levels in the Wokingham Town Centre Redevelopment site has remained on target with no losses of tenancy.

We adopted a sympathetic approach to the collection of both Council Tax and Business Rates through the pandemic that balanced the need to protect income streams against the pressures felt by residents and businesses. Collection of both of taxes has remained high, at similar levels to the year before, at a 99% collection rate with support mechanisms in place to implement government schemes for those in hardship.

For full details of the Council's financial performance please see the End of Year Statement of Accounts.





SECTION 4: DELIVERING ON OUR PRIORITIES



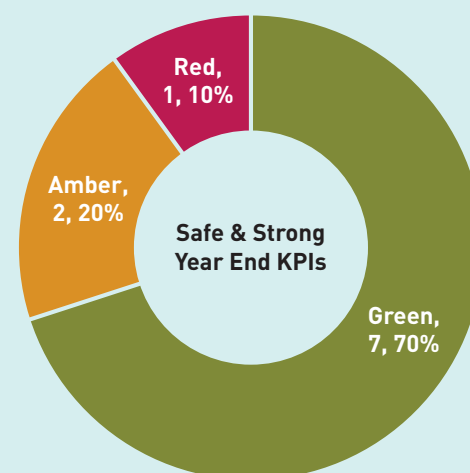
WOKINGHAM
BOROUGH COUNCIL

» www.wokingham.gov.uk



SAFE, STRONG COMMUNITIES

Strong performance is shown in the KPIs set against this focus area, with nine out of ten KPIs on or near target. The single red KPI is as "Proportion of people receiving long term care who were subject to a review in the last 12 months" and this was due to a change of focus during COVID which has had an impact in the last quarter of the municipal year.



Formed the Adult Safeguarding Hub to improve the safety of vulnerable adults:

Adults Social Care maintained an average of 87% of safe guarding concerns raised having decisions assigned in 48hrs despite the number of safe guarding concerns increasing by 37.5% compared to the previous year.

Delivered core Adult Social Care responsibilities:

Adult Social Care managed 25% more demand, an increase of 1,193 contacts, whilst improving performance. Implemented a new way of working called the Strengths Based Approach. All staff have received training in an approach which enables them to spend more time with our customers to identify what is important to the person, to build on their own strengths and support networks, and to utilise the wealth of voluntary services available in the community. The emphasis of this approach is about positive outcomes for our residents.

Local Action Groups:

The Public Health team has facilitated the setting up and ongoing co-chairing of these groups to engage key partners and bring them together to deliver against health and wellbeing priorities.

Substance misuse provision:

Recommissioned a specialist substance misuse provision for local residents, including securing additional funding through successful bids.

Adult Healthy Weight Management programme and Active Movement Programme:

These two programmes have been recommissioned for schools, with national funding secured for additional local provision.

High Quality Care:

The borough has 52 care homes and 44 registered home care providers. These providers deliver a high level of quality and 100% of our nursing home providers were rated as either good or outstanding in their most recent Care Quality Commission inspections. 95% of residential care and 85% of home care providers are rated as either good or outstanding.

Adopted an Adult Social Care Strategy:

The strategy has four priorities

- Prevent, reduce and delay the need for formal care and support
- Keeping people safe
- Involve people in their care and support
- Work in partnership and commission services that deliver quality and value for money

Adopted our Learning Disability Strategy:

This aims to:

- Provide more social activities and social interactions for learning disability clients
- Improve housing for learning disability clients to maximise their independence
- Create a dedicated learning disability team within the Adults Social Care structure
- Create a transitions service that can help learning disability clients transition into adulthood safely.
- Improve partnerships with Health to ensure better health outcome for learning disability clients
- Support carers who care for learning disability clients

Launched 'Kooth' to provide online mental health support for young people:

Kooth provides young people a safe and secure means of accessing support from a professional team of qualified counsellors, therapists and support workers. In the first nine months, the 1,295 young people in the region registered for Kooth logging in approximately 10,000 times. 97.8% of children and young people would recommend Kooth to a friend. 92% found it what they were looking for.

Increased spending to domestic abuse support:

Awarded the £1.5million contract to provide domestic abuse to Cranstoun. Additional funding was included to manage the increased demand for services.

Mental health support:

Launched 18-month pilot service with Berkshire Community Foundation and Oxfordshire MIND to help people suffering problems such as anxiety, isolation and stress.

KEY ACHIEVEMENTS:



SECTION 4: DELIVERING ON OUR PRIORITIES



WOKINGHAM
BOROUGH COUNCIL

» www.wokingham.gov.uk



SAFE, STRONG COMMUNITIES

Adopted our Voluntary Sector Strategy:

This aims to prevent, reduce and delay the need for formal care and support by providing information, advice and the right support at the right time so people can remain independent for longer. In the last municipal year it has:

- Created a VCS action group & Wokingham Borough Community Response. Delivering welfare checks in partnership with the Link Visiting Scheme
- Established the VCS Partnership Board
- Delivered improvements through the MIND mental health service
- Retendered VCS including a service gap analysis to ensure the services the Council commissions meets the needs of residents.

Provided more specialist accommodation:

A programme launched to source specialist accommodation for people with Learning and/or Physical Disabilities or Mental Health needs. Working with Place Commissioning, Housing Services and providers to match people with suitable properties to meet their needs. This has delivered:

- A Specialist bungalow built and now occupied
- Identified 10 schemes that will provide specialist accommodation for 45 people with complex needs over the next 2 years

Home for Hospital:

Worked with health and other key partners to ensure that residents can be discharged from hospital into the right setting as quickly and safely as possible. This approach resulted in 400 more people discharged back into the borough compared to the previous year. The Council now has:

- Robust system wide governance and performance monitoring in place
- Implementation of the Rapid Community Discharge Team
- Launched an additional service run by AGE UK, a voluntary sector partner, on behalf of the Wokingham Integrated Partnership. As Winter Pressure on the Hospital increased, alongside the pressures of COVID, the partnership sought support to safely discharge people without a care need into their homes. AGE UK supported with ensuring the person returned home safely, had the heating on, had shopping in the cupboards and medication all ready. They also then contacted the person for several weeks after the discharge. Over 150 people have been supported since April, with 464 referrals to 35 organisation made.

Optalis – Council owned company providing direct care:

Optalis has continued to provide high levels of good quality support. This is supported by effective quality assurance and governance systems, resulting in 'GOOD' Care Quality Commission ratings. Supported employment service has remained no.1 in the South East for two years running and no.3 in the UK for Learning Disabilities employment outcomes

Mental Health Support Teams in schools:

As part of the National Pilot, the programme has supported 205 children across 12 schools in providing immediate mental health and emotional wellbeing support. It is anticipated that following the National Pilot, MHST's will be rolled out to all schools.

Domestic Abuse:

Domestic abuse is a high priority for the Council as we recognise the significant impact living with domestic abuse has on individuals, families and the whole community.

A report commissioned on our response led to the appointment of a Domestic Abuse coordinator in November 2020 and the decision to substantially increase our investment in the commissioning of specialist support services.

A review of the training offer on domestic abuse was undertaken with refreshed e-learning packages and virtual training sessions delivered to increase understanding of the unique ways in which domestic abuse affects individuals and their children.

A new Partnership Board was formed to deliver expected new statutory duties linked to the Domestic Abuse Act 2021 and prepare for in depth analysis of how domestic abuse is affecting residents across Wokingham borough. To support our wider response, we also created a new Networking Group to bring together the over 40 agencies working in Wokingham borough who can make a real difference to the lives of the over 2000 residents who reported domestic abuse in this year.

Public Protection Partnership:

In March 2021, the council took the decision to withdraw from the Public Protection Partnership so it can better focus on the real issues affecting residents' quality of life.

Dealing with many environmental health issues such as low-level nuisances and anti-social behaviour including noise and illegal bonfires had been the responsibility of the Public Protection Partnership (PPP) with West Berkshire and Bracknell Forest councils.

But from April 2022, most services previously provided by the PPP will be provided by a new Wokingham Borough Council team that will focus on residents' priorities and improve responsiveness to address local issues. The new enforcement and safety service will include anti-social behaviour, animal wardens, health and safety, food hygiene, and licensing and will be designed to respond swiftly to concerns whenever and wherever they occur.



SECTION 4: DELIVERING ON OUR PRIORITIES



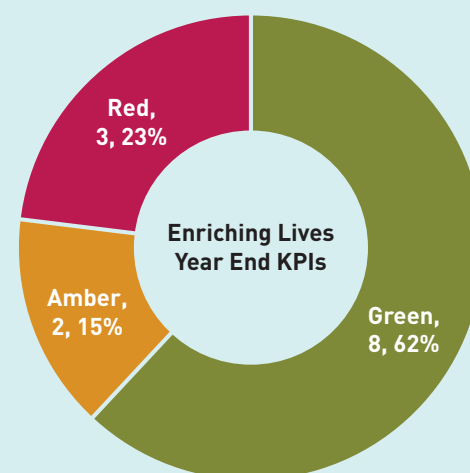
WOKINGHAM
BOROUGH COUNCIL

» www.wokingham.gov.uk



ENRICHING LIVES

Ten of the 13 KPIs in this area are on or near target. The three that are not are a direct result of as a direct result of national restrictions caused by lockdown: usage of leisure centres, participation in leisure centre activities and number of visits to libraries.



Award for Addington expansion project:

The £4.4million expansion and new sixth form, which is allowing 50 more students with SEND to attend the school, won an Education Business Award in November 2020.

California Country Park destination play area:

Work started in October 2020 on the new play area that includes new equipment, an inclusive sensory and water play area, a new woodland adventure trail and tree houses.

Alder Grove Church of England Primary School in Shinfield West:

The state-of-the-art school was built as part of the Shinfield West development and will grow to become a 420-place free school for pupils aged 4 to 11, with a 26 place nursery class. It opened in September 2020

Dinton Activity Centre:

Work got underway in October 2020 on the £2.4million new centre that is the borough's first net zero carbon building project.

20

KEY ACHIEVEMENTS:

Rebuilt Bulmershe Leisure Centre:

Opened ahead of schedule in April 2020, the £14.5million centre includes a six-lane 25-metre swimming pool, a teaching pool with movable floor, a bigger gym plus a 'live well' (long-term condition) gym, a four-court sports hall, and an additional studio and café.

Carnival Hub:

Work started on the multi-million pound Carnival Hub, the last phase of our Wokingham town centre regeneration, this new centre will become the local destination for culture, sport and leisure and will feature two swimming pools (a six-lane 25m pool and teaching pool with moveable depth floor and splash pad); a larger fitness suite and specialist group cycling studio; two large studios; a four-court sports hall; a health and wellbeing centre; larger café; and space for children's parties. There will also be a large library including space for events and activities, a lending library, fun children's zone and space for exhibitions.





SECTION 4: DELIVERING ON OUR PRIORITIES



WOKINGHAM
BOROUGH COUNCIL

» www.wokingham.gov.uk



ENRICHING LIVES

Improvements to Foundry College:

More space was created at the school in Budes Gardens thanks to the £1.7million project, with work completed to modify buildings, relocate the temporary classrooms and landscape around the school site. Foundry College was created in September 2011, and it provides education and support to pupils who have been permanently excluded or are at risk of permanent exclusion, as well as those with medical needs who cannot attend school regularly. It has 47 students who are educated there full time.

Kickstart scheme launched:

The scheme provides job opportunities for young people who are currently on Universal Credit and are at risk of long-term unemployment. Each job placement is completely new, lasting for six months and helping young people to build their confidence and experience in the workplace; all while earning a regular wage for up to 25 hours per week.

Stabilised the children's social work workforce:

with recruitment of more permanent staff and a significantly reduced reliance on interim workers. Despite a national shortage of social workers, the proportion of interim social workers reduced this year from 37% to 30% and is projected to be 23% by September 2021

Deployed a new Compass Team which is achieving positive outcomes:

Since inception the compass team has successfully worked with 21 young people to reduce their risk of coming into care or placement breakdown. The team continues to work intensively with many more young people to address often complex issues.

Improved services for children and young people with SEND:

An Ofsted and Care Quality Commission revisit in early 2021 found that the Council have made sufficient progress in 5 of 6 areas, with a short Accelerated Progress Plan in place for the final area. The timeliness and quality of Education, Health and Care Plans has improved. It is now one of the strongest performing in the South East and higher than national average performance (86% EHCP's completed within 20 weeks of referral as at Q1 2021/22). The Council has commenced a new SEND Innovation and Improvement Programme that will take on the lead from the SEND Improvement Board.

Expanded Virtual School supporting Children in Care to include children aged 0-25:

The Council now support looked after children as they start school and continue to provide support for learners beyond their formal post 16 further education and into higher education. In addition, a new Assistant Head of the Virtual School has been appointed to support the response to the newly expanded duties to champion the educational outcomes of all children and young people who have, or have had, a social worker. It is anticipated that this will close the gap on outcomes between children with a social worker and their peers.

Local Action Groups:

The Public Health team has facilitated the setting up and ongoing co-chairing of these groups to engage key partners and bring them together to deliver against health and wellbeing priorities

Substance misuse provision:

Recommissioned a specialist substance misuse provision for local residents, including securing additional funding through successful bids

Adult Healthy Weight Management programme and Active Movement Programme:

These two programmes have been recommissioned for schools, with national funding secured for additional local provision

Promoting Equality, Diversity and Inclusion:

We've adopted a four year plan to take forward the wider equality agenda and tackle inequality in the borough this is aligned to the equality framework for local government, supporting progress towards the "achieving" level. The delivery of the action plan will allow the Council to:

- Listen to and learn from our communities and use this to deliver services that work well for everyone
- Act on our commitments to equality, diversity and inclusion in the way we plan, deliver and shape our services
- Build a diverse and engaged workforce, where everyone is respected

Tackling social isolation through technology:

The Project 'Joy' app helps tackle social isolation by enabling individuals to access activities and it also enables referrals from a range of voluntary sector partners and adult social care.

Art and culture:

A new ten year strategy was approved in March with the focus of developing the quality and appeal of the cultural 'offer' across the borough. Launched the Wocca app to provide a one-stop real time guide to cultural events happening across the borough with a steady increase in take-up.



SECTION 4: DELIVERING ON OUR PRIORITIES



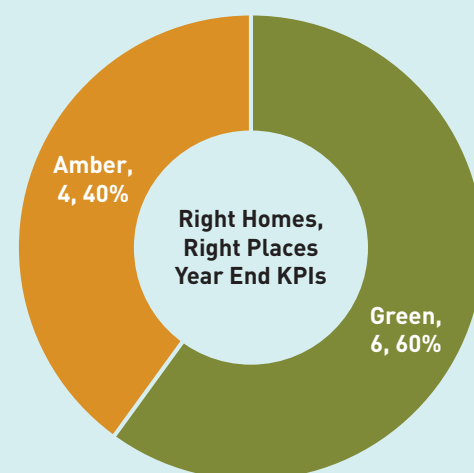
WOKINGHAM
BOROUGH COUNCIL

» www.wokingham.gov.uk



RIGHT HOMES, RIGHT PLACES

All KPIs in this area were on or close to target. The amber KPIs are associated with the longer term planning: "New Home Survey", "Local Plan Update", "5 Year Housing Supply" and "Housing 1-4-5 Challenge". Even with these 4 amber KPIs the performance has been strong in this area.



The Central and East Berkshire Joint Minerals and Waste Local Plan:

The plan has been progressed with the publication consultation undertaken and subsequent submission of the plan to government for examination

South Wokingham major development:

Planning consent for 1,850 homes and accompanying facilities and infrastructure

Primary school building in Arborfield Green:

Progress on the new Farley Hill Primary. Hundreds of young people will be able to make the most of the new facilities, with space to expand for more than 600 pupils as and when it is needed.

Matthews Green Primary School:

construction progressing be ready for a potential opening in September 2022.

Work started on new community centre for Shinfield:

The community centre (a joint project with the parish council) is part of the Shinfield Parish major development which includes new homes and a district centre in Shinfield Village with a supermarket and other shops, as well as a neighbourhood centre in Spencers Wood. There are also two new primary schools, new playing fields and open spaces.

22

KEY ACHIEVEMENTS:

Progress on the Local Plan Update:

Preparing a new Local Plan for the borough, including a revised strategy for consultation in autumn 2021, following the deliverability issues with the Grazeley garden town proposal which was a central plank of the Draft Local Plan consulted on in 2020:

- High level summary of responses to Draft Local Plan (2020) consultation published.
- Master planning work commissioned following cross party agreement.
- Technical evidence commissioned.
- New Local Development Scheme adopted in July 2021 outlining the revised programme, with commitment regarding the Local Plan Update to undertake a public consultation on a revised strategy in autumn 2021 and publication consultation of the full plan in summer 2022, with examination and adoption by the end of 2023.





SECTION 4: DELIVERING ON OUR PRIORITIES



WOKINGHAM
BOROUGH COUNCIL

» www.wokingham.gov.uk



RIGHT HOMES, RIGHT PLACES

Wokingham Town Centre Regeneration:

The town centre regeneration continued to buck the national trend by attracting new businesses. 90% of council-owned regeneration units were occupied at the end of 2020/21, equating to approximately £2 million of committed income from Peach Place and Elms Field.

Homes and SEND school planned for Winnersh Farm:

Public engagement began on proposals to build a new SEND school alongside housing at Winnersh Farm

Housing Strategy 2020-24:

The strategy has an emphasis on COVID recovery, and assessing and addressing impacts. So far it has delivered:

- 187 affordable homes in 2020/21
- 61 houses in the 2nd year of the 1-4-5 programme with a further 139 units currently on site and an additional 890 units being progressed
- Completion of Gorrick Square scheme for learning disabled clients, with further specialist schemes currently being developed
- Over £1m funding secured to develop offer for rough sleepers
- Delivered an 18 unit key worker housing scheme in Wokingham

Gorse Ride redevelopment:

The regeneration is taking place in phases, progress in 2020/21:

- Phase One completion of the 10 houses for social rent and sale. These have been key for the relocation of residents living in following phases of the regeneration of the entire site
- Phase Two in preparation for future work, the Council relocated 11 Council tenants during the year and purchased two additional privately owned properties. Leaving 18 left to purchase across the site.

The Courts, Winnersh:

Demolished 75 garages in the Courts area of Winnersh and provided much needed car parking for the area.

Housing compliance:

Initiated after the social housing white paper was published, this project aims to monitor and ensure compliance within the council's housing service. As a result:

- Gas safety is at 100% compliance
- Reports were created highlighting impacts of the Social Housing White Paper. These were presented to the Tenant and Landlord Improvement Panel

Housing Ombudsman Complaints Code:

In 2020 the Housing Ombudsman launched the complaints code and linked new powers of determination along with closer relationship working with the Housing Regulator. Every Local Authority and Housing Association were asked to complete the self-assessment of their current complaints policy and procedures with a deadline of completion and publishing by the 31st December 2020.

- Self-assessment completed and published by 31st December 2020. A follow up one was completed recently and also published to ensure transparency.
- Full consultation completed on new proposed complaints policy with Involved Tenants and open to wider tenant base via website
- An Involved Tenant successfully applied and gained a place on the Housing Ombudsman resident panel.
- Staff and Involved Tenants attended Housing Ombudsman webinars on the new complaints code to ensure compliance

Housing First:

A government funded project to buy four self-contained properties for the borough's most entrenched rough sleepers, providing intense one to one support to enable tenants to sustain tenancies and make improvements in all areas of their lives as a result we have:

- Completed on 4 properties to meet their specific needs
- Commissioned support in place and actively supporting 5 residents who have been identified as potential Housing First tenants



SECTION 4: DELIVERING ON OUR PRIORITIES



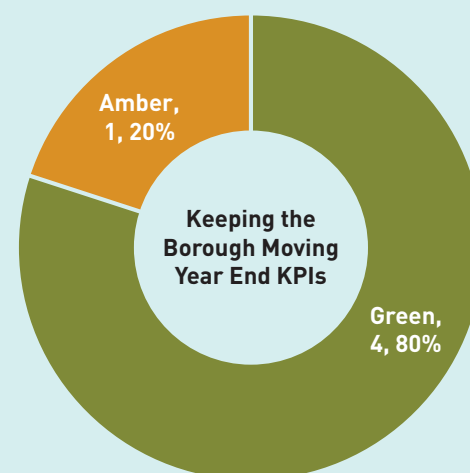
WOKINGHAM
BOROUGH COUNCIL

www.wokingham.gov.uk



KEEPING THE BOROUGH MOVING

During the COVID pandemic, the decrease in traffic levels combined with the proactive approach to address structural maintenance and improvements to the road network, detailed in the programmes below had a positive impact on these KPIs.



- Developed an Intelligent Transport Systems strategy Including rolling out Smarter traffic signals that combined with CCTV cameras helping to respond to traffic demands throughout the day improving journey times

Major new roads:

The £100million investment in new roads continued to deliver improvement with Observer Way (the Arborfield Cross Relief Road) opened, construction of the Winnersh Relief Road and North Wokingham Distributor Roads and the Eastern Gateway of the South Wokingham Distributor Road continuing.

My Journey:

A borough-wide active and sustainable travel behaviour change campaign that aims to help and inspire residents, employees and visitors to walk, scoot, cycle or use public transport. This year it has:

- Won the Bikeability Authority of the Year award
- Moved many of the borough's school-based programme online in response to lockdown
- Made bikes available to key workers

Local cycling and walking infrastructure plan:

Consulted residents and businesses on how we can encourage more walking and cycling throughout the borough.

Greenways project: Ongoing project to create a network of generally traffic free routes connecting the new major developments to each other and to the existing communities and places of interest and employment. Progress through 2020/21 included:

- Completion of California Way
- Construction started on Cantley Park to Woollah Greenway
- Consultation on Woollah Meadow Greenway

Active Travel:

We continue to invest in cycling infrastructure with more than £6million spent since 2014. In 2020/21 we:

- Finished the London Road cycle scheme, which completing the borough's elements of the national cycle route 422 linking Newbury, Reading, Wokingham, Bracknell and Ascot on one single cycle route.
- Successfully bid for both the Emergency Active Travel Fund and implemented temporary social distancing measures in the Borough's town centres
- Successfully bid for Tranche 2 of Active Travel Fund and identified suitable schemes for initial consultation. Securing £650,000 from the ATF this year

Community Transport Programme:

This has successfully implemented a new structure for the Community Transport delivery model and supporting policies to minimise cost and ensure quality in the provision of needs-based transport for children and vulnerable adults. As a result the Council has:

- Established a new Community Transport Unit
- Strengthening stakeholder engagement and relationship in SEND and co-production of the Home to School Transport Policy
- Improved outcomes for Children and Young people with SEND

Structural Maintenance Programme:

Invested £8million in improving the borough's roads - double the investment compared to previous years. We used the reduction in road use during lockdowns to undertake improvement works completed on borough's key commuting routes

Congestion Project:

A £20million project to reduce congestion in the borough. So far it has:

- Completed construction of Thames Valley Park Park & Ride and secured planning permission for both Winnersh and Coppid Beech Park & Rides. Reducing congestion on the boroughs key transport routes, improving key public transport infrastructure and helping to reduce the boroughs carbon emissions
- Upgraded streetworks technology



SECTION 4: DELIVERING ON OUR PRIORITIES



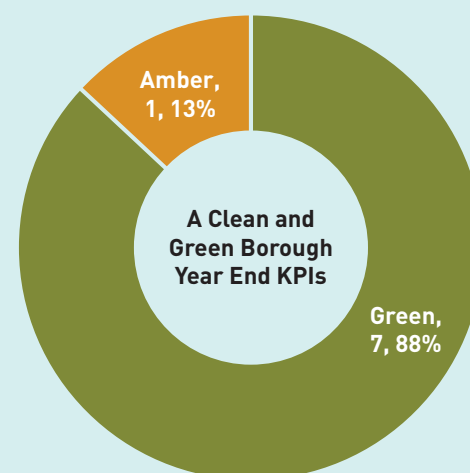
WOKINGHAM
BOROUGH COUNCIL

» www.wokingham.gov.uk



A CLEAN AND GREEN BOROUGH

Performance in this space was overwhelmingly positive as we put significant effort into tackling the climate change emergency. One KPI, "Percentage of household waste reused, recycled and composted" was held back by a change to recycling wet cardboard, but we promptly introduced waterproof recycling bags to tackle this.



KEY ACHIEVEMENTS:

Climate Emergency Action Plan (CEAP):

This sets out targets and actions for the borough to become net-zero carbon by 2030 and focuses on increasing awareness and educating residents about the importance of changing behaviours and adopting more sustainable lifestyles. In 2020/21 we:

- Started building Dinton Activity Centre as the first net-zero carbon building in the borough
- Approved our annual climate emergency action plan report
- Attracted more than £2 Million of external funding to support the CEAP projects

- Retrofitted 700 homes to improve energy performance through the Help to Heat Green Homes Grant schemes helping residents reduce energy bills, improve efficiency and decrease carbon emissions
- Retrofitted ten schools with improvements such as LED lighting, insulation measures, controls upgrades, heating upgrades
- Achieved a 56% reduction of the council's carbon footprint through home working
- Started the 250k tree planting project and successful bid for £300,000 grant from the Woodland Trust's Emergency Tree Fund.
- Submitted a planning application for solar farm, which would see solar panels installed on council-owned farmland adjacent to Barkham Ride (High Barn Farm and part of Brook Farm), would generate enough energy to power thousands of homes and businesses across the borough for years to come.



Adopt a Street programme:

This supports local communities to keep their areas clean and tidy through regular volunteer litter picking. During the year the number of streets participating in the scheme increased from 189 to 317.

Emerging Electric Vehicle Strategy:

The Electric Vehicles Strategy aims to develop a borough wide strategy to specify the infrastructure for Electric Vehicle charging point to encourage the uptake. As a result:

- New electric vehicle charging points have been installed
- Residents' have been consulted to assess off-street parking needs

Local Flood Risk Management Strategy:

This sets out how we will fulfil statutory obligations under the Flood and Water Management Act 2010 and provides a framework to actively manage and reduce flood risk across the borough and deliver sustainable regeneration and growth. This year it has led to:

- The adoption of the Land Drainage Byelaws.
- Development of Surface Water Management Plans for Shinfield and Lower Earley.
- Development of a live asset database of critical flood assets in the borough.
- Development of numerous S19 Flood Investigation Reports

- Production of the Sustainable Drainage Systems (SuDs) Strategy
- Smart drainage trials in a number of locations across the borough.
- Successful bid for Defra flood defence funding for a surface water drainage scheme in Church Lane, Shinfield, to reduce flood risk to the road and to properties.
- Delivery of numerous capital drainage schemes to reduce surface water flood risk to properties in high-risk areas.

Fly-Tipping Strategy:

This details how we will deter illegal dumping of waste by investigating rubbish that is fly-tipped and taking enforcement action wherever possible. As a result, 863 fly-tips were investigated during the year resulting in 83 fixed penalty notices being issued.

Waste and recycling:

Rolled out waterproof recycling bags to replace black boxes in order to keep paper and card dry and therefore allow it to be recycled. Continued to expand use of food waste recycling with more than 500 tonnes recycled each month.



SECTION 4: DELIVERING ON OUR PRIORITIES



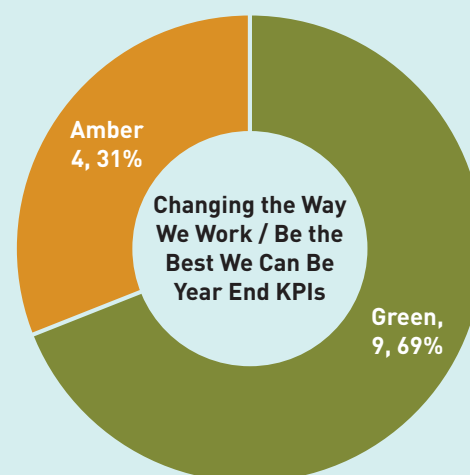
WOKINGHAM
BOROUGH COUNCIL

» www.wokingham.gov.uk



CHANGING THE WAY WE WORK FOR YOU AND BEING THE BEST WE CAN BE

We are evolving how we work, moving to become a data-led organisation that focuses on what matters most to our residents, businesses and customers. The KPIs in the area show strong results.



KEY ACHIEVEMENTS:

Customer Experience Development:

We have deployed a customer feedback tool to gather views, including on our website and everyone who calls our main number on a mobile telephone being given the opportunity to feed back on the quality of their service.

This allows us to target where improvements are needed and plan what is possible over short, medium and long term. Many improvements can be actioned immediately in real time, as soon as the feedback is available.

Improvements have included:

- Almost 120 broken internet links have been identified across the Council website and fixed
- When new recycling bags were delivered, some road names were missed from the website, this was quickly identified and fixed

Online Blue Badge Application:

We've improved our online offer to enable friends or family to apply on behalf of someone and made it easier to upload evidence, photos and pay. We've continued to provide a prompt service, delivering badges within five working days of a successful application. As a result, in August 80% of applications were made online, an increase of 30%.

Registrars Booking:

This booking system and improvements in processes has resulted in:

An online booking system to register a birth, arrange a citizenship ceremony and book a marriage notice appointment

- All death registrations can now be completed without the need for a face to face appointment using a phone call and online registration
- Approximately 50% of birth bookings are now made online
- 344 virtual citizenship ceremonies were held since the beginning of the first lockdown.

IT Improvements:

Investment in IT software and infrastructure to improve security, productivity, resilience and reliability has included:

- Continuously developed our website resulting in 37,000 customer transactions online and 961,404 individual visits.
- Seamless transition from office to home working for over 1,000+ staff
- Redevelopment of Customer Relationship Management system based on customer journey feedback resulting in 25% increase in uptake of online services that are delivered using this technology
- Improved infrastructure with better connectivity, utilising modern technology and technical capability
- Upgrades and adoption of Microsoft 365 cloud-based solution to support remote working for over 1,000 workers
- Programme of education, information and change across the Council to improve cyber security awareness & practice resulting in a 96% increase in password security in annual cyber security audit



SECTION 4: DELIVERING ON OUR PRIORITIES



WOKINGHAM
BOROUGH COUNCIL

» www.wokingham.gov.uk



CHANGING THE WAY WE WORK FOR YOU AND BEING THE BEST WE CAN BE

People Strategy:

A package of colleague focused goals and plans which set out we will utilise the collective skill and talent of the Council's workforce. In 2020/21 it:

- Supported the COVID response by setting up redeployment processes to ensure the delivery teams were staffed. COVID response work included new internal health and safety measures for Council premises & school building and delivery of new wellbeing and remote working learning content to support employees
- Launch and delivery of new learning materials to support employees: management development of extended leadership team, new induction programme, performance management and wellbeing programme such as Mental health First Aiders
- Participated in the government's Kickstart scheme to support return to work
- Reviewed the current HR operating model
- Continued delivery of Apprenticeship programme
- Launch of new recruitment Application Tracking System in December 2020 to improve recruitment
- Improved employee engagement by launching open communication sessions with senior team such as 'the Big Chat'

The Graduate Academy:

In 2020/21, we recruited six National Management Trainee's via the Local Government Association's National Graduate Development Programme to our Graduate Academy, a 500% increase on the previous year.

This is not only the largest cohort in the Council's history, it is also the largest intake within Berkshire.

This Academy is set to grow and demonstrates the Council's determination and commitment to support and develop talent.

Continued Commercialisation:

During 2020/21 commercialisation projects included:

- The Grantfinder Scheme to enable officers to identify, bid and secure external funding
- The Premier Supplier Scheme enabling suppliers to be paid earlier for an agreed rebate on invoice charges.
- The ongoing success of the Community Investment Group, which has over £85 million invested in its portfolio that returns at over 5% per year gross

Digital Library Offer:

Providing more options to access services is a key element in continuing the increased usage of the library services. During 2020/21:

More than 300,000 items were accessed digitally, which is an increase of 135% on the previous year.
More than 11,000 pupils took part in the online Authors into Schools project.

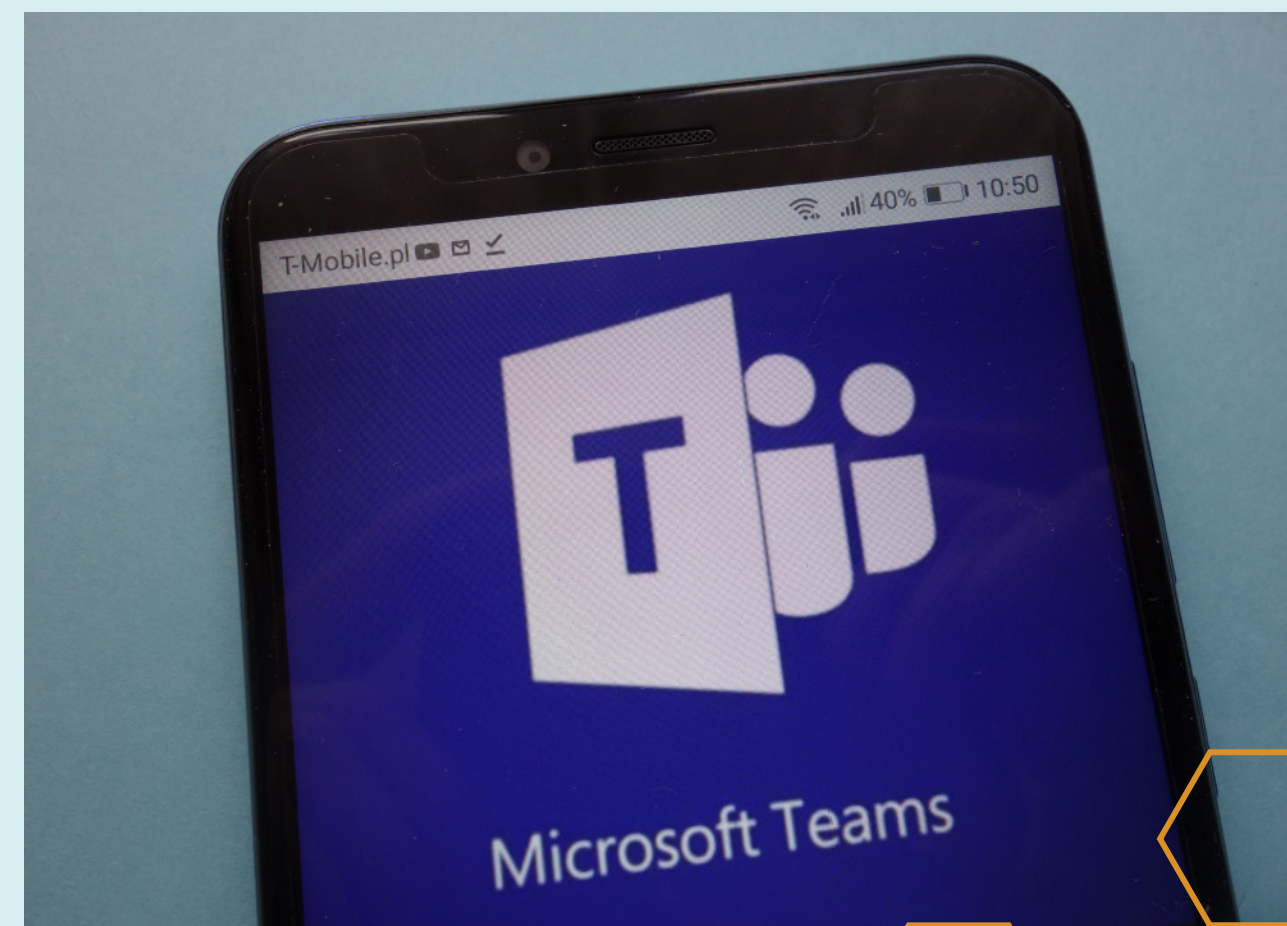
Communication and engagement:

Direct communication and engagement with residents was improved by the introduction of e-newsletters (Wokingham Borough Connect). As a result, by the end of 2020/21, Wokingham Borough Connect had

- 65,000 subscribers signed-up to receive at least one newsletter
- 150,000 subscriptions (due to subscribers signing up to multiple newsletters)
- An average open rate above 50%

Public protection services:

Decision to take the majority of these service back in-house (from the current Public Protection Partnership). Moving services such as tackling anti-social in-house will allow us to focus on local residents' concerns.





Wokingham Borough Council

Audit Committee

Progress Report

January 2022





Ernst & Young LLP
Grosvenor House
Grosvenor Square
Southampton
SO15 2BE

Tel: + 44 2380 382099
ey.com

Wokingham Borough Council
Audit Committee
Civic Offices
Shute End
Wokingham
RG40 1BN

21 January 2022

Progress Report - 2020/21 Audit

We are pleased to attach our Audit Progress Report.

This progress report provides a summarised update of the work we have undertaken on the 2020/21 financial statements audit to date and other matters relevant to our audit. This report also provides the Committee with an update on progress to date on our 2020/21 housing benefit subsidy claim certification. Our detailed audit plan for the 2020/21 financial statements audit and update thereto were presented to the Committee at its September and November meetings, and are not repeated here.

Our audits are undertaken in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

Whilst our audit remains ongoing, the delivery of local authority audits over the past two years have been significantly impacted sector-wide by the Covid-19 pandemic and working offsite. This has led to delays in the completion of many audits across all audit firms.

We welcome the opportunity to discuss this report with you at your meeting on 2 February 2022.

Yours faithfully

Helen Thompson
Associate Partner
For and on behalf of Ernst & Young LLP

Contents

1. 2020/21 Financial Statements Audit – Progress.....	4
2. 2020/21 Financial Statements Audit – Other Key Issues.....	6
3. 2020/21 Housing Benefits Certification – Progress.....	7

Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated April 2018)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of Wokingham Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and management of Wokingham Borough Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of Wokingham Borough Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

1.2020/21 Financial Statements Audit – Progress

Overall

No interim visit was undertaken during the 2020/21 audit due to the timing of the prior audit's finalisation (6 August 2022). Our year-end visit was further impacted by limited availability of resources on both sides, as well as delays in the finalisation of selecting the samples for property valuation and delays in the receipt of pension fund assurances. Despite these pressures, our year-end visit is however well progressed to date and we are grateful to officers for their help in facilitating this. There are, however, components where work is still ongoing, with further details outlined below. We plan on presenting our final report on the audit results to the Committee at the March meeting.

Key areas of work required

The following key areas require further work at the date of this report:

i. Valuation of pension fund assets and liabilities:

Assurances from the auditors of the Berkshire Pension Fund over the information supplied to actuary in relation to the Council was received by us on 19 January 2022. The letter confirmed their audit remains ongoing, with final reporting expected in March 2022. There is a risk this could lead to further misstatements or possible control weaknesses, in the Council's pension fund liability disclosed, and consequently require further assessment to determine the extent thereof. Progress in this area is not within our control and could therefore potentially impact progress of the audit.

Furthermore, the new auditing standard requires auditors to test the method of measurement of accounting estimates to determine whether the model is appropriately designed, consistently applied and mathematically accurate, and that the integrity of the assumptions and the data has been maintained in applying the model. Neither we, nor PWC as consulting actuaries commissioned by the NAO for all local government sector audits, were able to access the detailed models of the actuaries to evidence these requirements. We therefore modified our planned approach and are undertaking alternate procedures to create an auditor's estimate, to provide a different method of gaining assurance. The results of this exercise are also outstanding but are expected this month.

ii. Group account consolidations and disclosures:

Consolidation workings and disclosures are still being prepared and subject to audit.

iii. Valuations of land and buildings in property, plant and equipment, and investment properties:

As part of our audit work, we involve our EY valuation specialists (EYRE) in challenging assumptions used by the Council's valuer by reference to external evidence. Whilst the work is in progress, we are grateful to the Council's Estates team for their prompt responses to the follow-up queries from EYRE. We will update the Committee on progress at the meeting, as we expect this to continue to move forward over the coming weeks.

Audit work on valuations by the audit team also remains ongoing and is in some cases dependent on the outcome of our valuation specialists' challenge.

iv. Grants received in advance

The Council has received significant levels of government funding in relation to Covid-19. Whilst there has been no change to the CIPFA Code or accounting standard, the emergency

nature of some of these grants received and potential lack of clarity on any associated restrictions and conditions, meant that the Council had to apply a greater degree of assessment and judgement in determining the appropriate accounting treatment in its Statement of Accounts.

Our work focused on the Council's judgement in relation to whether it was acting as an agent (i.e. acting as an intermediary), or acting as principal (acting on its own behalf). We further considered whether any associated restrictions and conditions had been met for grants where the Council acted as principal and that these were claimed and recognised in accordance with the scheme rules.

Our initial work identified material differences in the accounting treatment of grants received in advance. This required management to re-evaluate the population of the disclosed grants received in advance and to affect the necessary corrections. This is not unique to the Council as the novelty and the timing of guidance issued to direct these grants impacted the wider local government sector with similar instances observed at other authorities. Our materiality thresholds used in determining sample sizes of other areas in the Statement of Accounts were however also impacted by this, resulting in additional transactions having to be selected and tested on other sections of the audit.

This correction relates to the accounting presentation of the Council's Statement of Accounts and does not impact the actual financial standing of the Council as at reporting date.

v. Going concern

Supporting underlying forecasts and calculations are in the process of being submitted to the auditors and are subject to audit.

A verbal update on the progress of these areas will be given during the meeting. The remaining areas of the audit are continuing to progress and are followed up through the meetings set out below.

Implemented actions to ensure audit progress

Whilst good progress is being made, both Council management and external auditors have implemented the following actions to ensure momentum in progressing the audit:

- A query log detailing requested information and audit issues identified is updated by the audit team and circulated to management bi-weekly
- A tracker detailing the status of the audit on a task level and to whom it has been assigned, is also updated by the audit team and circulated to management bi-weekly
- Bi-weekly catch-up calls between management and the audit team are held to discuss the query log and task tracker, and to agree actions to be taken by both parties. This also serves as platform to address and escalate, as necessary, any pressing issues.
- Daily catch-up calls within the audit team to monitor audit progress and discuss issues identified.
- Additional Council resources have now been allocated to the Audit as budget setting activity has now progressed. Daily calls are also in place to resolve any issues and ensure appropriate and timely responses
- Monthly calls between senior executives from the Council and external auditors to discuss overall audit progress and issues identified.

These actions have contributed positively towards the progress observed in the last few weeks.

2.2020/21 Financial Statements Audit – Other Key Matters

Outstanding audits – Nationally

Completion of the local government audits remained challenging for 2020/21 audits with 9% of local government audits completed by all firms at the end of September 2021. Whilst no recent information is available for this position, the timing of the 2020/21 audit for Wokingham Borough Council is generally not out of line in comparison to other councils.

In addition, the Department for Levelling Up, Housing and Communities (DLUHC) has recently announced measures to support the timely completion of local government audits and the ongoing stability of the local audit market. The measures aim to help to ensure that audit provides transparency and accountability in local councils. Details of this can be found in <https://www.gov.uk/guidance/measures-to-improve-local-audit-delays>.

2021/22 Financial Statements Audit

We aim to report the results of the 2021/22 audit to the Audit Committee at their November 2022 meeting. To achieve this, monthly calls between senior executives from the Council and the audit team are being set up to monitor progress in preparation of this. A debriefing session will also be held to further discuss and implement recommendations identified from the 2020/21 audit process.

3.2020/21 Housing Benefit Certification – Progress

Overall

Work on the 2020/21 Housing Benefit Certification is currently in progress and is expected to be completed by end March 2022, as long as no additional testing is required from the initial analysis. Although this exceeds the 31 January 2022 submission deadline, there are a large number of local authorities sector-wide that have already signaled their inability to meet this deadline.

Communications from the Department of Work and Pensions to date also make it clear that there are no current plans to withhold subsidy to authorities which do not meet the deadline. Although the Department reserves the right to review this, our interpretation of their response is that it is highly unlikely that subsidy will be withheld for authorities where there is a clear timetable and plan to complete the work within a reasonable timescale.

This page is intentionally left blank

TITLE	Treasury Management Strategy 2022-2025
FOR CONSIDERATION BY	Audit Committee on 2 February 2022
WARD	None Specific
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

Agree the treasury management procedures, limits, and objectives for 2022/23.

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

RECOMMENDATION

The Audit Committee is asked to support the Treasury Management Strategy 2022-2025 and recommend to Council to:

- 1) approve the Treasury Management Strategy as set out in Appendix A including the following additional appendices;
 - Prudential Indicators (Appendix B)
 - Annual Investment Strategy 2022/23 (Appendix C)
 - Minimum Revenue Provision (MRP) policy (Appendix D)
- 2) note the cumulative financial impact on the Council of its borrowing activities equates to a net credit to the general fund for the taxpayer of £42.70 per band D equivalent at end of 2022/23 and noting this credit increases to £62.47 at the end of 2024/25.

SUMMARY OF REPORT

The Chartered Institute of Public Finance & Accountancy (CIPFA) 2017 Prudential Code sets out the requirements in relation to the setting of a Treasury Management Strategy within Local Authorities. The key objectives of the Code are to ensure, within a clear framework, that local authorities' capital investment plans are affordable, prudent and sustainable.

Under the prudential system, individual local authorities are responsible for deciding the level of their affordable borrowing, having regard to CIPFA's Prudential Code, which has been given legislative backing. Prudential limits apply to all borrowing, qualifying credit arrangements and other long-term liabilities – whether supported by government or entirely self-financed. The system is designed to encourage authorities that need and can afford to undertake capital investment to do so within a robust framework.

Using the guidance from the Prudential Code, every year the Council produce a **Treasury Management Strategy** and a **Capital Strategy**. Both strategies are closely linked and also support the Medium Term Financial Plan. The Capital Strategy is considered in a separate report.

This report outlines the expected treasury activity for the forthcoming year and includes prudential indicators relating specifically to Treasury Management for the next three years.

Further reports are produced during the year: a mid-year monitoring and a year-end outturn.

A key requirement of this report is to explain both the risks and the management of the risks associated with the treasury management activity.

Treasury Management Strategy

The Executive are asked to recommend the Treasury Management Strategy as set out in Appendix A including the following appendices;

- Prudential Indicators (Appendix B)

These are primary indicators designed to ensure the key objectives of the Prudential Code are met and that local authorities' capital investment plans are affordable, prudent and sustainable; that treasury management decisions are taken in accordance with good professional practice.

These are summarised below and consist of limits and performance indicators for categories of Affordability and Prudence.

Prudential Indicators	2022/23 £m	2023/24 £m	2024/25 £m
<u>Affordability</u>			
<u>Limits</u>			
Authorised Limit (Note: CFR*120%)	760	783	785
Operational Boundary (Note: CFR*110%)	696	718	719
<u>Performance Indicators</u>			
Gross external borrowing – General Fund (GF)	388	403	405
Gross external borrowing - HRA	69	68	66
% of internal borrowing to CFR	28%	28%	28%
Ratio of financing costs to net revenue stream - GF	-0.6%	-0.6%	-0.6%
Ratio of financing costs to net revenue stream - HRA	29.9%	29.2%	28.5%
<u>Prudence</u>			
Maturity structure of borrowing	See Appendix C		

In relation to % of internal borrowing to CFR, although no set % is advised in the Prudential Code, the guideline across the industry is between 25% and 35% and depends very much on each local authorities circumstances and approach. Wokingham will aim to work within the guidelines of 25% and 35%.

The ratio of financing costs to net revenue stream calculation does not include any surplus income generated from assets which the Council have borrowed for. Although a

statutory indicator, it is important to consider all the income as highlighted in the table below on the net credit to the general fund.

- Annual Investment Strategy 2022/23 (Appendix C)

This sets out the investment parameters that the Council treasury service will work within when making decisions. The CIPFA Code and DLUHC 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.

- Minimum Revenue Provision (MRP) policy (Appendix D)

The policy in which the Council set aside a prudent revenue provision each year to repay historic capital spend also known as the capital financing requirement. The current approach which is inline with the Statutory Guidance on Minimum Revenue Provision requires a local authority to calculate in each financial year an amount of MRP that it considers to be prudent. The Secretary of State considers that the methods of making prudent provision (set out in Appendix D). However, this does not rule out or otherwise preclude a local authority from using an alternative method should it decide that is more appropriate.

There is currently a consultation on changes to capital framework - MRP which DLUHC published on the 30th November 2021 running until the 8th February 2022. The outcome of which may require the earlier repayment of debt through the revenue account. Any impact from this would need to be incorporated in future strategies and the Medium Term Financial Plan (MTFP).

Net credit to general fund

The executive are asked to note and recommend to Council to note the cumulative financial impact on the Council of its borrowing activities equates to a net credit to the general fund for the taxpayer of £42.70 per band D equivalent at end of 2022/23 as shown in the table below. Over the medium term, these credits will increase as the housing, local economy and regeneration projects deliver more surplus income over and above financing costs. This includes c£0.8m in 2024/25 from town centre regeneration, c£3.1m from community investments (including solar farms).

Net Annual Benefit £m	£3.2m	£4.2m	£4.8m
Divide by Council Tax Base (no. of band D equivalent properties)	74,946.3	76,070.5	76,831.2
Benefit per band D property - £	£42.70	£55.21	£62.47

Background

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations is to ensure that the Council has sufficient available cash to manage its day-to-day operations. By planning this daily cashflow the treasury service is able to invest short term surplus balances in suitable low-risk counterparties, which provide security of the investment and the appropriate liquidity before considering investment return.

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

Details of the Council's capital spend plans are set out in the **Capital Strategy** document. As capital spend impacts on treasury management, key highlights from the capital strategy are included in the treasury management strategy (Appendix A) and summarised below;

	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Housing, Local Economy & Regeneration	39.9	43.6	15.3	98.8
Roads and Transport	46.0	9.7	6.9	62.6
Children Services and Schools	4.2	11.1	15.9	31.2
Climate Emergency	16.7	7.8	5.8	30.3
Internal Services	10.1	6.1	3.6	19.8
Environment	5.2	1.3	6.1	12.6
Adult Social Care	2.0	6.3	0.8	9.1
Total Capital Programme 2022/23 to 2024/25	124.1	85.9	54.4	264.4

Note – the figures above do not include any carry forward budgets from the current approved 2021/22 capital programme.

The capital programme proposed for the next year is prudent and affordable as per the principles of the treasury management code of practice. The proposed funding of the three year programme is summarised below;

	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Supported borrowing	(64.0)	(40.2)	(17.1)	(121.3)
Developer contributions (S106 / CIL)	(27.6)	(4.9)	(12.3)	(44.8)
Capital grants	(18.7)	(10.7)	(7.5)	(36.9)
Other contributions	(6.4)	(6.9)	(5.5)	(18.8)
Capital receipts	(0.1)	(6.8)	(7.5)	(14.4)
General fund borrowing	(7.3)	(2.2)	(4.6)	(14.1)
Total	(124.1)	(71.7)	(54.5)	(250.3)

The capital programme currently has a budget shortfall of c£14m over three years which includes a fully funded year 1 programme. This shortfall over three years will be balanced through a combination of reducing or reprofiling capital expenditure and maximising capital funding opportunities such as bidding for capital grants.

Borrowing Position

An important part of the treasury management strategy is to highlight the level of borrowing need. This is known as the capital financing requirement (CFR) and is an accounting concept which monitors how much capital expenditure has been incurred but not yet paid for.

The housing revenue account also has a CFR which is shown in Appendix A. This CFR is ringfenced and repaid through tenants rental income. This is estimated to be £79m for 2022/23.

A major source of funding for the Council's capital programme is borrowing. This is described in two forms, supported borrowing and general fund borrowing. A significant part of the Council's capital programme is either self-financing or makes a surplus where the income generated is greater than the cost of financing and therefore is available to fund other council services. These are referred to as "supported borrowing". General fund borrowing is funded through existing base budget and supports general investment to maintain Council assets and continue to provide services to customers and residents.

A summary of the general fund CFR for the next three financial years is estimated below.

	Supported Borrowing			General Fund Borrowing		
	22/23	23/24	24/25	22/23	23/24	24/25
	£m	£m	£m	£m	£m	£m
Opening balance	307	428	450	125	126	124
Expenditure in year	156	42	18	5	2	5
Repayments in year	(35)	(20)	(16)	(4)	(4)	(4)
Closing balance	428	450	452	126	124	125

In the table above, the £156m supported borrowing expenditure assumes expenditure in relation to the remaining c£113m of the borrowing approved for community investment in utilised however the likelihood that this will only be used in 2022/23 if further renewable energy schemes are enacted.

It is important to note, the "expenditure in year" row is an estimate of actual capital expenditure to be incurred in the financial year and includes the impact of carry forwards from the previous year and carry forwards into future years based on historic trends. This ensures a more accurate CFR position which is important when considering investment and borrowing decisions. It will therefore be different to the amount identified as funding earlier in the report in the capital funding tables.

Also, worth noting, is the CFR balance does not reflect the level of debt the Council holds. Where the Council hold surplus balances such as reserves, unspent grants and working capital, this avoids the need to borrow externally saving on interest costs. This is known as internal borrowing. Furthermore, it is important to take into account any treasury investment balances when looking at external debt to understand a more accurate debt figure.

The table below sets out the annual cost of serving this borrowing and the income generated through the assets which have been borrowed for. Over the next three years, the income generated from these assets will give **an increasing net credit to the general fund**.

	2022/23 £m	2023/24 £m	2024/25 £m
General Fund – Financing Cost (Interest and MRP debt repayment)	9.3	10.8	16.1
<u>Less</u> contributions towards financing costs from following areas:			
- Invest to save schemes	(1.2)	(2.2)	(7.4)
- Treasury investments	(1.6)	(1.6)	(1.6)
- Housing, Local Economy and Regeneration	(7.4)	(7.9)	(8.0)
	(10.2)	(11.7)	(17.0)
Net Annual Financing Cost / (Benefit)	(0.9)	(0.9)	(0.9)
<u>Include</u> additional income over and above the contributions shown above:			
- Community investments (inc. Solar Farms)	(2.3)	(2.6)	(3.1)
- Town centre regeneration*	0.0	(0.7)	(0.8)
Net Annual <u>Benefit</u> to the taxpayer	(3.2)	(4.2)	(4.8)

Net Annual Benefit £m	£3.2m	£4.2m	£4.8m
Divide by Council Tax Base (no. of band D equivalent properties)	74,946.3	76,070.5	76,831.2
Benefit per band D property - £	£42.70	£55.21	£62.47

*Income from this investment goes to repay its costs. When the scheme is fully operational, the surplus income is expected to be c£2m per annum. Over the fullness of time when debt is fully repaid, the surplus will be in the region of £5m - £6m per year.

Repayment Of Borrowing

As highlighted previously, the Council continue to invest significant amounts into the capital programme generating assets such as roads, schools, housing, regeneration properties and many more. The graph below sets out the expected repayment of this debt as well as the asset value generated.

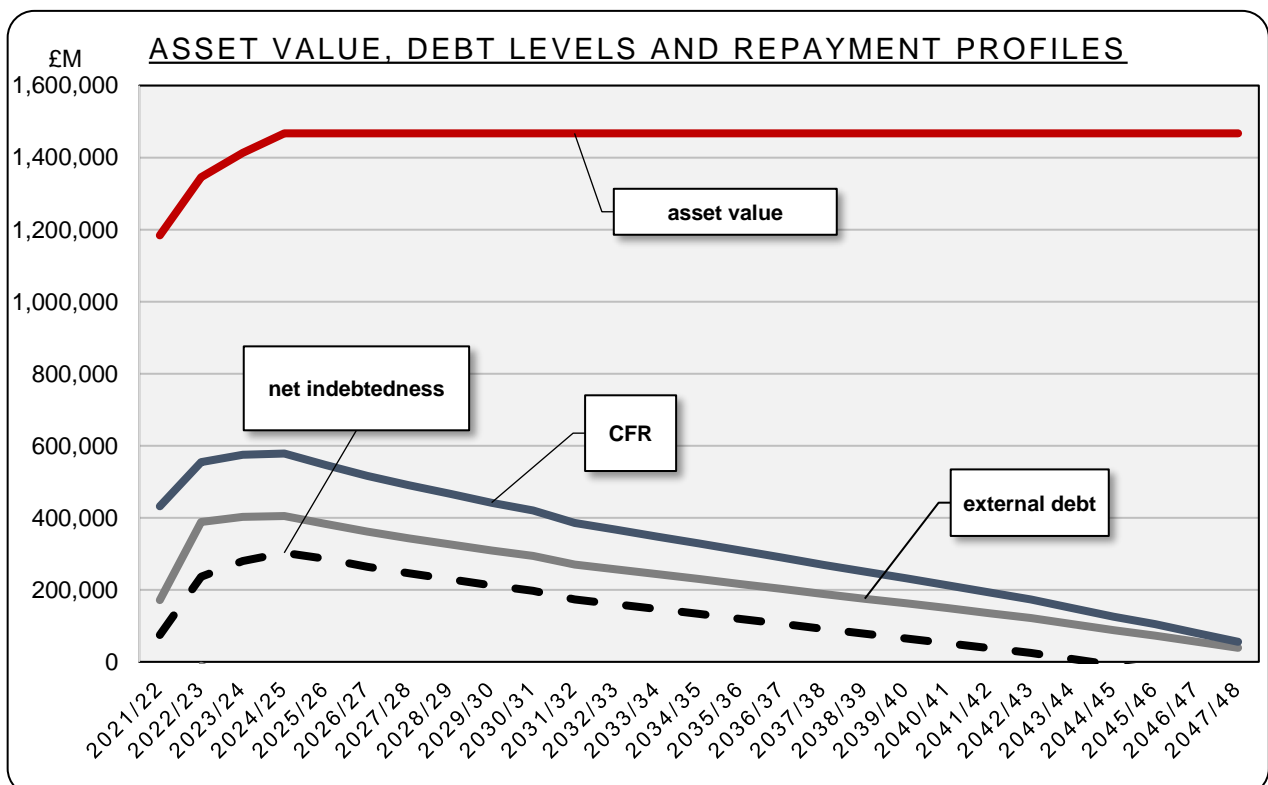
The graph includes three key lines in reference to debt;

- Capital financing requirement (CFR) - A technical calculation of historic capital expenditure less that already paid for, required to arrive at the annual level of debt repayment.
- External debt – this is the actual amount borrowed with third parties. The difference between CFR and external debt is referred to as internal borrowing.
- Net indebtedness – this is external debt less treasury (i.e. liquid) investment balances. It is important that these are considered together as treasury investments could be used to repay external debt.

The Council are expecting debt to rise over the next three years in line with the capital programme and then it is expected to reduce over time as income is generated from these projects and cost savings are realised.

CFR and external debt will reduce as borrowings are repaid through income and will reach a point in time when debt is fully repaid and the ongoing income will be transferred to benefit the general fund.

The graph is based on general fund only and excludes HRA as this is ringfenced. The original CFR levels before commercialisation, forward funding and regeneration projects were approximately £100m.



As shown in the graph above, from 2022/23 external debt is based on 70% of the CFR inline with the guideline across the industry of 65% - 75% external debt to CFR ratio. A significant part of the CFR is supported borrowing expenditure and assumes expenditure in relation to the remaining c£113m of the borrowing approved for community investment in utilised however the likelihood that this will only be used in 2022/23 if further renewable energy schemes are enacted. External borrowing will therefore only be undertaken when needed.

The asset values used in the graph above are calculated using the total asset value from the Council's balance sheet, and an estimate of capital expenditure over the next three years. This methodology reflects all asset values that either have been or will be funded from an element of borrowing. A prudent approach to asset value has been taken with no capital appreciation estimated however over a long period of time it wouldn't be unreasonable to see asset values increase.

The above graph is summarised in the table below. After the first three years, the expectation is that the CFR, external debt and net indebtedness will start to reduce as repayments of borrowing start to increase, capital receipts and developer funding are received.

	2022/23	2023/24	2024/25
	£m	£m	£m
CFR (a)	554	575	578
Less internally Funded (b)	166	173	174
External debt - general fund only (c = a+b)	388	403	405
Less treasury investments (d)	152	122	102
Net indebtedness (e = c -d)	236	281	303

Key Changes to the Strategy

There are no changes proposed to the strategy for 2022/23.

CIPFA published a revised Prudential Code and Treasury Management Code Practice on the 20th December 2021 following two consultation periods during 2021. Given local authority reporting timetables, CIPFA have stated that while the 2021 publications apply with immediate effect, authorities may defer introducing the revised reporting requirements until 2023/24. At the time this report was being produced CIPFA have yet to publish the accompanying guidance notes for each of the new publications.

The Authority will work throughout 2022/23 to integrate the revised reporting requirements and ensure continued compliance with the CIPFA Prudential Code and Treasury Management Code of Practice. This will be reflected in changes to the capital strategy, prudential indicators and investment reporting, recognising the differentiation between treasury, service and commercial investments. It will also be supported by incorporating the Councils Environmental, Social and Governance policies with the Capital Strategy and Treasury Management Practices, which will also be further updated and complimented by the introduction of Investment Management Practices to recognise service and commercial investments. A knowledge and skills framework will also be developed for the Authority in respect of Treasury Management activity.

The current prudential indicators used within this Treasury Strategy were developed by CIPFA to illustrate collectively that the Authority's capital expenditure plans are prudent, affordable and sustainable, and that the Authority's investment strategy is consistent with the principles of security and liquidity before yield.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	N/A	N/A	Revenue
Next Financial Year (Year 2)	Credit to general fund equal to band D property - £42.70	Yes	Revenue
Following Financial Year (Year 3)	Credit to general fund equal to band D property - £55.21	Yes	Revenue

Other financial information relevant to the Recommendation/Decision

Capital spend plans are outlined in further detail in the Capital Strategy which is available within the agenda pack for the 17 February 2022 Executive meeting and will be available on the Council's website once approved.

Cross-Council Implications

None

Public Sector Equality Duty

An Equality Impact Assessment is not required for this report

Climate Emergency – ***This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030***

None

Reasons for considering the report in Part 2

None

List of Background Papers

Appendix A - Treasury Management Strategy
Appendix B - Prudential & Treasury Management Indicators 2022/23 to 2024/25
Appendix C - Annual Investment Strategy
Appendix D - MRP policy

Contact Mark Thompson	Service Business Services
Telephone No Tel: 0118 974 6555	Email mark.thompson@wokingham.gov.uk

Treasury Management Strategy 2022-23



WOKINGHAM
BOROUGH COUNCIL

Contents

1. Introduction	2
2. Treasury Management Policy Statement.....	3
3. Governance and Monitoring	4
4. Updates to Treasury Management Strategy	4
5. The Council's Capital Expenditure and Financing 2022/23.....	5
6. Minimum Revenue Provision (MRP) Policy Statement	11
7. Balance Sheet Projections	12
8. External Borrowing and Compliance with Treasury Limits and Prudential Indicators for Debt	13
9. Investment Strategy	14
10. Borrowing Strategy	17
11. Appendices.....	18

1. Introduction

The Chartered Institute of Public Finance & Accountancy (CIPFA) 2018 Prudential Code sets out the requirements for all local authorities to set an annual Treasury Management Strategy. The key objectives is to ensure, within a clear framework, that local authorities' capital investment plans are affordable, prudent and sustainable.

Under the prudential system, individual local authorities are responsible for deciding the level of their affordable borrowing, having regard to the Code. Prudential limits apply to all borrowing, qualifying credit arrangements and other long-term liabilities – whether supported by government or entirely self-financed. The system is designed to encourage authorities that need and can afford to undertake capital investment to do so within a robust framework.

This report has been written using guidance from the Prudential Code, and has the Council's **Capital Strategy report**. Both strategies are closely linked and also support the Medium Term Financial Plan.

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. A key requirement of this report is to explain both the risks and the management of the risks associated with the treasury service.

The Strategy for 2022/23 covers two main areas:

Treasury Management activities

- treasury management policy statement
- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the investment strategy;
- the borrowing strategy;
- policy on use of external service providers;
- reporting arrangements and management evaluation

Capital activities

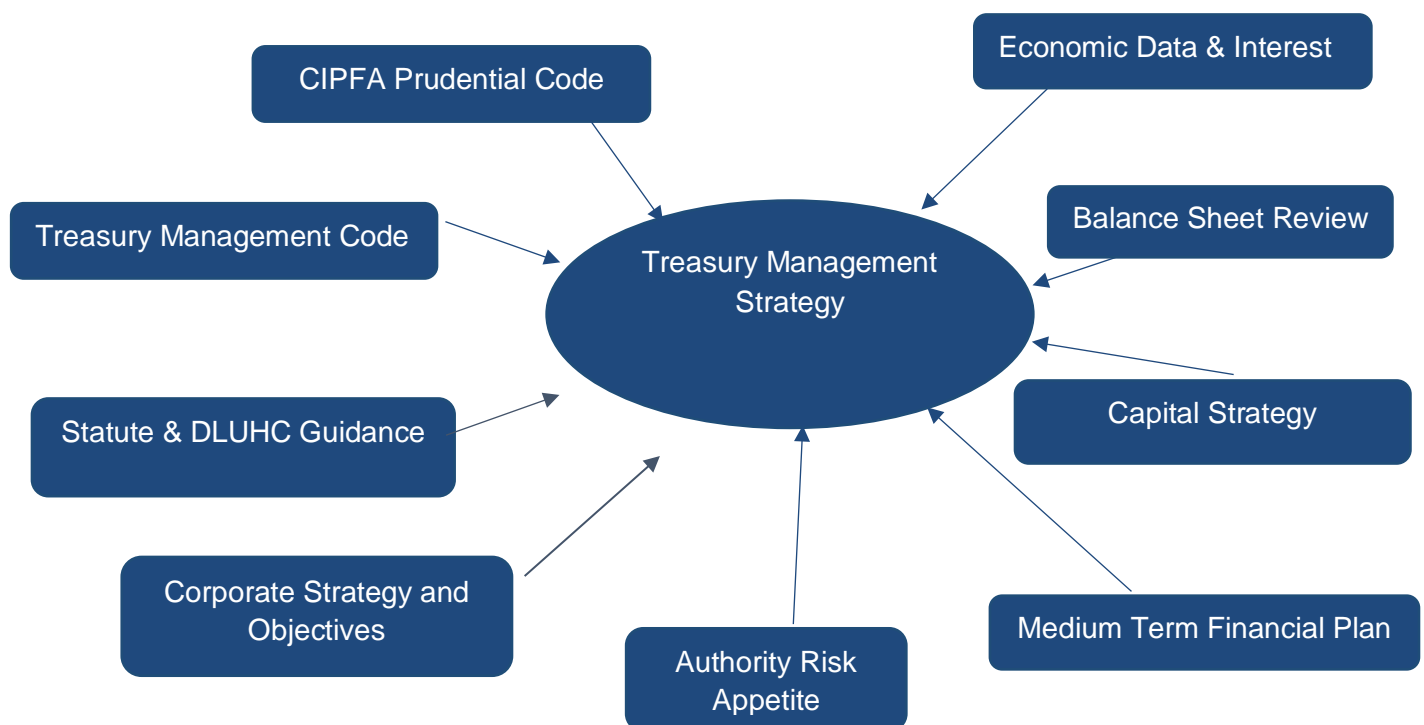
- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

2. Treasury Management Policy Statement

Wokingham Borough Council Treasury Management Policy Statement for 2022/23 is:

- The Council defines our 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.

Factors that shape the Treasury Strategy



Policy on use of external service providers

The Council use financial advisers Link Asset Services, to advise and support our treasury management practices, policies, investment and borrowing strategy.

When making investment or borrowing decisions, the Council have access to treasury brokers to ensure we achieve best value for money in our treasury deals.

3. Governance and Monitoring

The Deputy Chief Executive confirms that the treasury service will comply with the strategy set out within this document and any breaches to limits and prudential indicators will be reported to the Audit Committee as part of the two further statutory reports that are produced during the year: a mid-year monitoring report and a year-end outturn report.

During the year, the finance team engages in the following governance activities:-

- capital monitoring (forecast expenditure) is reported to Executive on a quarterly basis
- analysis of income projections for all funding assumptions
- cashflow review and forecasting
- treasury training including staff CPD
- financial modelling to support investment / borrowing strategy
- regular meetings with treasury advisors

4. Updates to Treasury Management Strategy

There are no changes proposed to the Treasury Management Strategy for 2022/23.

CIPFA published a revised Prudential Code and Treasury Management Code Practice on the 20th December 2021 following two consultation periods during 2021. Given local authority reporting timetables, CIPFA have stated that while the 2021 publications apply with immediate effect, authorities may defer introducing the revised reporting requirements until 2023/24. At the time this report was being produced CIPFA have yet to publish the accompanying guidance notes for each of the new publications.

The Authority will work throughout 2022/23 to integrate the revised reporting requirements and ensure continued compliance with the CIPFA Prudential Code and Treasury Management Code of Practice. This will be reflected in changes to the capital strategy, prudential indicators and investment reporting, recognising the differentiation between treasury, service and commercial investments. It will also be supported by incorporating the Councils Environmental, Social and Governance policies with the Capital Strategy and Treasury Management Practices, which will also be further updated and complimented by the introduction of Investment Management Practices to

recognise service and commercial investments. A knowledge and skills framework will also be developed for the Authority in respect of Treasury Management activity.

The current prudential indicators used within this Treasury Strategy were developed by CIPFA to illustrate collectively that the Authority's capital expenditure plans are prudent, affordable and sustainable, and that the Authority's investment strategy is consistent with the principles of security and liquidity before yield.

5. The Council's Capital Expenditure and Financing 2022/23

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, capital contributions and revenue contributions etc.), which has no resulting impact on the Council's borrowing need or;
- funded by borrowing (internal or external);
 - internal borrowing - is the use of the internal cash reserves of the Council to fund the cashflow requirement for its capital expenditure.
 - external borrowing - is the use of loans from outside organisations to fund the cashflow requirements for its capital expenditure. For example, borrowing from other local authorities or the Public Works Loans Board.

The capital expenditure plan is a key driver 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 confirmation of the Capital Programme.

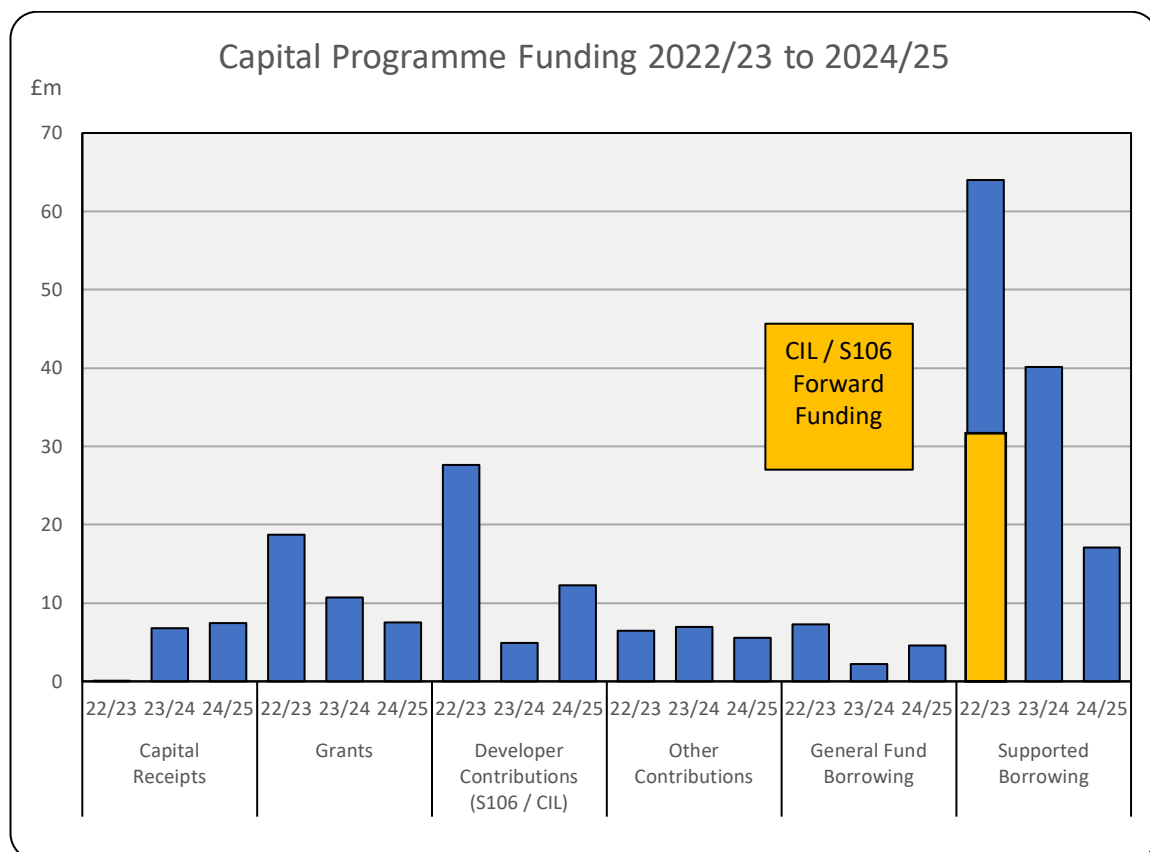
The table below sets out the capital programme for the next three years by key area. Full details of the Capital Programme can be found in the Capital Strategy and the Medium Term Financial Plan.

	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Housing, Local Economy & Regeneration	39.9	43.6	15.3	98.8
Roads and Transport	46.0	9.7	6.9	62.6
Children Services and Schools	4.2	11.1	15.9	31.2
Climate Emergency	16.7	7.8	5.8	30.3
Internal Services	10.1	6.1	3.6	19.8
Environment	5.2	1.3	6.1	12.6
Adult Social Care	2.0	6.3	0.8	9.1
Total Capital Programme 2022/23 to 2024/25	124.1	85.9	54.4	264.4

The capital programme proposed for the next three years is prudent and affordable as per the principles of the treasury management code of practice. The proposed funding of the programme is summarised below;

	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Supported borrowing	(64.0)	(40.2)	(17.1)	(121.3)
Developer contributions (S106 / CIL)	(27.6)	(4.9)	(12.3)	(44.8)
Capital grants	(18.7)	(10.7)	(7.5)	(36.9)
Other contributions	(6.4)	(6.9)	(5.5)	(18.8)
Capital receipts	(0.1)	(6.8)	(7.5)	(14.4)
General fund borrowing	(7.3)	(2.2)	(4.6)	(14.1)
Total	(124.1)	(71.7)	(54.5)	(250.3)

The capital programme currently has a budget shortfall of c£14m over three years which includes a fully funded year 1 programme. This shortfall over three years will be balanced through a combination of reducing or reprofiling capital expenditure and maximising capital funding opportunities such as bidding for capital grants.



Supported borrowing is where a direct repayment source has been identified to cover the cost of borrowing, for example invest to save schemes (covered from the future income generation or cost reductions), and many projects under Housing, Local Economy and Regeneration classification. Another example is forward funding developer contributions, where borrowing will be repaid from future developer contributions to be received (highlighted orange in the chart above).

The Capital Financing Requirement (CFR)

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 or grants). Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

A major source of funding for the Council's capital programme is borrowing. This is described in two forms, supported borrowing and general fund borrowing. A significant part of the Council's capital programme is either self-financing or makes a surplus where the income generated is greater than the cost of financing and therefore is available to fund other council services. These are referred to as "supported borrowing". General fund borrowing is funded through existing base budget and supports general investment to maintain Council assets and continue to provide services to customers and residents.

The table below shows the estimated CFR for supported borrowing and general fund borrowing over the next three years.

	Supported Borrowing			General Fund Borrowing		
	22/23	23/24	24/25	22/23	23/24	24/25
	£m	£m	£m	£m	£m	£m
Opening balance	307	428	450	125	126	124
Expenditure in year	156	42	18	5	2	5
Repayments in year	(35)	(20)	(16)	(4)	(4)	(4)
Closing balance	428	450	452	126	124	125

In the table above, the £156m supported borrowing expenditure assumes expenditure in relation to the remaining c£113m of the borrowing approved for community investment in utilised however the likelihood that this will only be used in 2022/23 if further renewable energy schemes are enacted.

It is important to note, the "expenditure in year" row is an estimate of actual capital expenditure to be incurred in the financial year and includes the impact of carry forwards from the previous year and carry forwards into future years based on historic trends. This ensures a more accurate CFR position which is important when considering investment and borrowing decisions. It will therefore be different to the amount identified as funding earlier in the report in the capital funding tables.

As mentioned above, supported borrowing are related to capital projects which are self-financing and / or income generating. For the types of supported borrowing, a breakdown of the CFR is shown below.

	Supported Borrowing		
	22/23	23/24	24/25
	£m	£m	£m
Invest to save	183	215	219
Town centre regeneration	85	83	79
Wokingham housing companies	49	55	61
Developer contributions forward funded	111	97	93
Closing balance	428	450	452

The tables on the previous page are referred to as the “general fund” position and exclude the Housing Revenue Account (HRA) CFR because this is ringfenced and funded entirely from tenants rental income.

The HRA CFR for the next three years is estimated below.

	Housing Revenue Account		
	22/23	23/24	24/25
	£m	£m	£m
Opening balance	80	79	78
Expenditure in year	1	1	1
Repayments in year	(2)	(2)	(2)
Closing balance	79	78	77

The in-year increase in the borrowing requirement is due to the Council’s ambitious Capital Programme which includes invest to schemes (these schemes will be able to create a saving and pay for the financing costs), many are Housing, Local Economy and Regeneration schemes, which will reduce over time when capital receipts are recovered or loans repaid. To be able to provide the infrastructure such as roads and facilities that the borough needs the council is continuing to forward fund schemes. These will decrease again as developer contributions are received. The CFR is also reduced each year by the minimum revenue provision (MRP) (see section 6). Part of the Councils financial strategy is based on diversifying income streams, by growing revenue generating assets through its housing companies and other strategic investments.

Part of the Council’s treasury activities is to address the funding requirements for this borrowing need. Depending on the Capital Programme, the treasury service organises the Council’s cash position to ensure that sufficient cash is available to meet the Capital Programme and cash flow requirements. The Council does not borrow all of this money externally but uses some of its internal cash reserves to fund this expenditure (this approach saves the council on interest costs). 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], the money markets and other types of funding (local authorities, bonds etc.).

The CFR is estimated to reduce over the next 25 to 30 years to the pre 2011/12 level of £100m. 2011/12 is used as a benchmark because this was the level of balance before the housing, regeneration and forward funded projects.

This reduction is shown on the graph on the next page.

As highlighted previously, the Council continue to invest significant amounts into the capital programme generating assets such as roads, schools, housing, regeneration properties and many more. The graph below sets out the expected repayment of this debt aswell as the asset value generated.

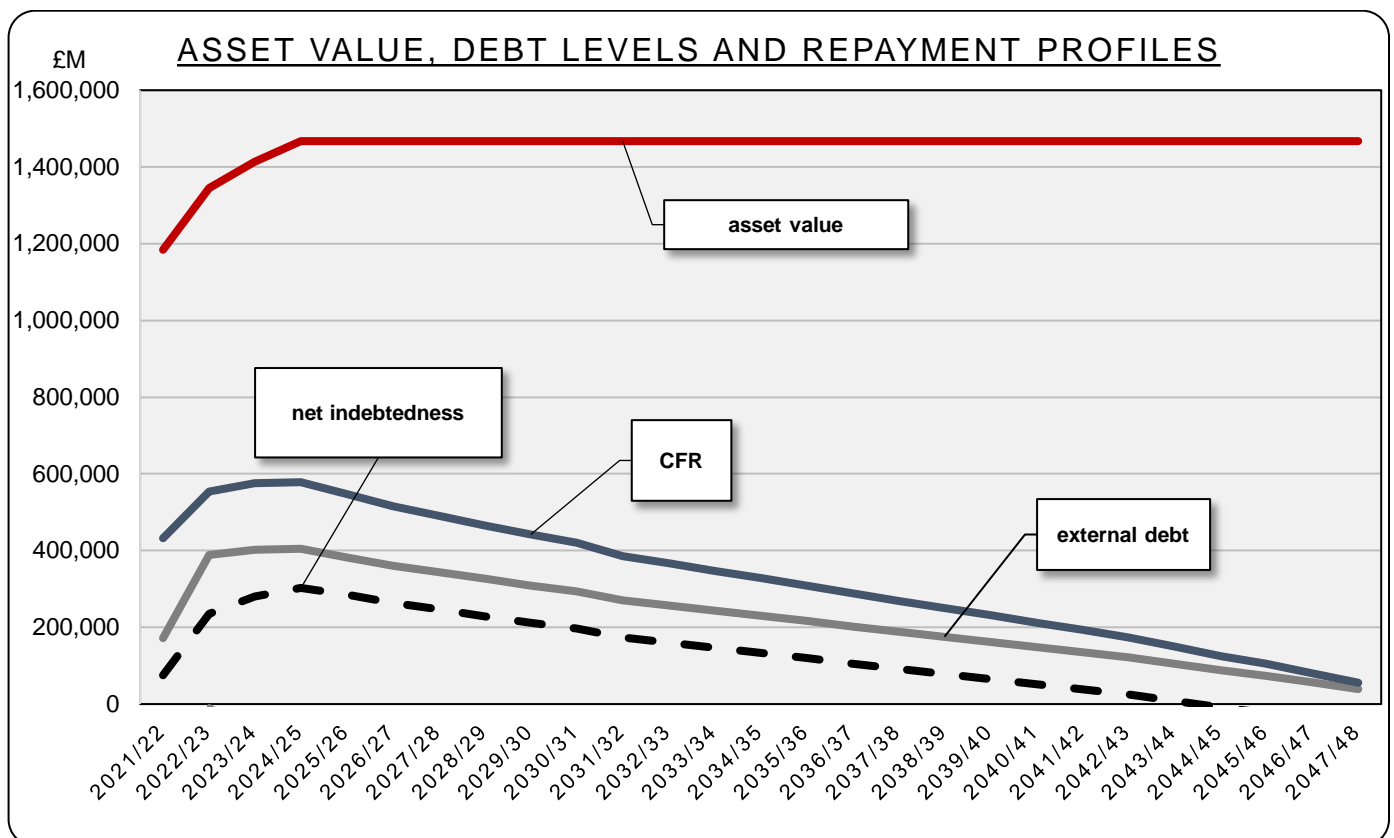
The graph includes three key lines in reference to debt;

- Capital financing requirement (CFR) - A technical calculation of historic capital expenditure less that already paid for, required to arrive at the annual level of debt repayment.
- External debt – this is the actual amount borrowed with third parties. The difference between CFR and external debt is referred to as internal borrowing.
- Net indebtedness – this is external debt less treasury (i.e. liquid) investment balances. It is important that these are considered together as treasury investments could be used to repay external debt.

The Council are expecting debt to rise over the next three years in line with the capital programme and then it is expected to reduce over time as income is generated from these projects and cost savings are realised.

CFR and external debt will reduce as borrowings are repaid through income and will reach a point in time when debt is fully repaid and the ongoing income will be transferred to benefit the general fund.

The graph is based on general fund only and excludes HRA as this is ringfenced.



As shown in the graph above, from 2022/23 external debt is based on 70% of the CFR inline with the guideline across the industry of 65% - 75% external debt to CFR ratio. A significant part of the CFR is supported borrowing expenditure and assumes expenditure in relation to the remaining c£113m of the borrowing approved for community investment in utilised however the likelihood that this will only be used in 2022/23 if further renewable energy schemes are enacted. External borrowing will therefore only be undertaken when needed.

The asset values used in the graph above are calculated using the total asset value from the Council's balance sheet, and an estimate of capital expenditure over the next three years. This methodology reflects all asset values that either have been or will be funded from an element of borrowing. A prudent approach to asset value has been taken with no capital appreciation estimated however over a long period of time it wouldn't be unreasonable to see asset values increase.

The original CFR levels before commercialisation, forward funding and regeneration projects were approximately £100m.

6. Minimum Revenue Provision (MRP) Policy Statement

The Council is required to pay off an element of the accumulated General Fund underlying borrowing 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 Department for Levelling Up, Housing and Communities, DLUHC (previously MHCLG) regulations have been issued which require the full Council to approve a MRP Statement in advance of each financial year. The decision on the amount of MRP 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 D.**

Principles of the guidance have been reflected in the Council's 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 2022/23 Wokingham Borough Council's MRP policy will follow the main DLUHC principles, except in some instances. The table below summarises areas where WBC are planning to treat MRP different from the guidance however the approach remains prudent and affordable which are consistent with the principles of the code.

Expenditure type	WBC MRP charging policy
Freehold land	maximum 60 years using asset life as a guide
Bridges	maximum 60 years using asset life as a guide
Housing, Local Economy and Regeneration a) assets that can be disposed of for appreciation	10% of maximum 15 years asset life
Housing, Local Economy and Regeneration b) all other assets	range of 5 to 40 years (depending on life of asset type)
Loan Capital in WBC holdings	no charge - loan secured by company assets
Forward Funding Schemes	no charge – developer contributions are used to repay principle

Housing, Local Economy and Regeneration - a) assets that can be disposed of for appreciation – 10% for a maximum of 15 years asset life. This is a prudent contingency for assets which can be disposed of for appreciation, if they reduce in value when sold, to cover any loss on disposal.

7. Balance Sheet Projections

The balance sheet projection is a financial model used to help understand the current and future levels of external and internal borrowing in relation to the CFR estimates and the underlying cash balances. It is not required in the Prudential Code however is considered best practice to do and helps to ensure our borrowing is prudent, affordable and sustainable.

With support from our financial advisors Link Asset Services, we produce a balance sheet review on a quarterly basis. One of the key performance indicators identified in the strategy is the ratio of internal borrowing to CFR. The industry benchmark is a ratio of 25% - 35%. This ratio is important as it indicates if the Council can take on capital expenditure without the need to secure borrowing at the point of expenditure. This helps ensure borrowing costs are minimised. The balance sheet review will calculate the ratio for the current year and future years.

The balance sheet review looks at;

- CFR position
- Level of investment balance
- External debt requirement
- Working capital position
- Level of reserves

8. External Borrowing and Compliance with Treasury Limits and Prudential Indicators for Debt

We have looked at the overall Capital Programme (above) 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.

Further detail on each of these indicators is included in Appendix B.

Authorised limit – Limit beyond which borrowing is prohibited, and needs to be set and revised by Council and should reflect a level of borrowing which, while not desired, could be afforded but may not be sustainable.

Operational boundaries limit – Limit of borrowing which is deemed prudent and affordable whilst allowing the Council to fund its capital programme plan.

Gross external borrowing – borrowing with external parties which attract an interest charge (e.g. PWLB).

% of internal borrowing to CFR – percentage of the use of the internal cash reserves of the Council to fund the cashflow of its capital expenditure (internal borrowing) over the 'total historic outstanding capital expenditure which has not yet been paid for from capital resources' (capital financing requirement).

Maturity structure of borrowing – time period when loans borrowed will be required to be repaid.

Ratio of financing costs to net revenue stream - The ratio of the financing costs against the net revenue expenditure.

The Council is asked to approve the following prudential indicators in the table below:

Prudential Indicators	2022/23 £m	2023/24 £m	2024/25 £m
<u>Affordability</u>			
<u>Limits</u>			
Authorised Limit (Note: CFR*120%)	760	783	785
Operational Boundary (Note: CFR*110%)	696	718	719
<u>Performance Indicators</u>			
Gross external borrowing – General Fund (GF)	388	403	405
Gross external borrowing - HRA	69	68	66
% of internal borrowing to CFR	28%	28%	28%
Ratio of financing costs to net revenue stream - GF	-0.6%	-0.6%	-0.6%
Ratio of financing costs to net revenue stream - HRA	29.9%	29.2%	28.5%
<u>Prudence</u>			
Maturity structure of borrowing	See Appendix C		

9. Investment Strategy

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.

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 a rate of return, or yield. The Council's investment priorities are security first, liquidity second, then return.

The Council will only invest its surplus funds in accordance with its time and monetary limits for institutions on the Council's counterparty list.

Time and monetary limits for institutions on the Council's counterparty list

	* Minimum credit criteria / colour band*	Money Limit	Max. maturity period
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	£10m	Liquid
Local authorities	N/A	£10m	5 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 ratings. When using the credit rating the Council will use the lower of the three credit rating agencies.(See appendix C)

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 annual investment strategy can be found in Appendix C.

Changes to investment strategy for 2022/23

There are no changes proposed the investment strategy for 2022/23.

Treasury investment projections

The Council assesses future investment projections, so as to maintain an operational cash balance so that it is able to manage its planned future day-to-day cashflow, without the requirement of short-term borrowing. Once planned short term expenditures are covered, the treasury team will look to invest in the longer term (plus 1 year).

The table below shows the Councils treasury investment projections for the next three years.

	2022/23 £m	2023/24 £m	2024/25 £m
Loans to Council owned companies	44	46	48
Loans to Local Authorities / fund managers	152	122	102
Total	196	168	150

Estimated investment return rates for treasury investments

Investment returns are likely to remain low during 2022/23 but are expected to rise gradually over the next few years'. There remains a lot of uncertainty in terms of the global and national economy and the longer terms impact from Covid-19.

	Interest forests							
	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023	Dec 2023
Bank rate	0.25%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%

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. 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.

Non-Treasury Investments

Although not classed as treasury management activities and therefore not covered by the CIPFA Code or the DLUHC 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.

The council will acquire land and buildings within the borough boundaries for the primary reason of economic development, regeneration or to protect local employment for residents and has to take on external debt to pay for these, the minimum revenue provision and the cost of debt financing is expected to be covered from any income streams generated by the acquisition.

THE COUNCIL WILL NOT BORROW TO ACQUIRE ASSETS PRIMARILY FOR FINANCIAL RETURN.

The previous commercial properties investment made before changes to the PWLB borrowing regulations will be retained until the optimum point for disposal in accordance with the strategy agreed by Council on 23 November 2017. Where these investments have treasury or MRP implications this strategy will be followed.

Investment Performance Benchmarking

Prior to investing funds the Council is required to ensure that it follows the following indicators to achieve security, liquidity and return (in this order).

Performance Benchmark	2022/23	2023/24	2024/25
Review of investment strategy to be undertaken during year	Yes	Yes	Yes
Bank overdraft limit	£0m	£0m	£0m
Liquid short term deposits available with a week's notice of at least	£5m	£5m	£5m
Weighted average life benchmark is expected to be 0.25 years, with a maximum of 0.5 years.	0.5 Years	0.5 Years	0.5 Years

10. Borrowing Strategy

In order to fund the capital programme highlighted earlier in the strategy, the Council will be required to borrow. Depending on the cashflow position of the Council at the time, borrowing will vary from short term (due to a requirement for liquidity), or over a longer period so as to fund a major project.

The following factors are to be considered when making borrowing decisions;

- Need for short term or long term borrowing.
- Forecast ratio of Internal / External borrowing.
 - i) Internal borrowing - is the use of the internal cash reserves of the Council to fund its capital expenditure
 - ii) External borrowing - is the use of loans from outside the organisations to fund its capital expenditure
- Maturity Structure - link maturity payments dates to when other income receipts due to be received to match against the repayment of debt (part of the long- term cash-flow).
- View of the interest rate market.

Once a decision is made on the type of borrowing required, the Council will look to borrow from the following places (in no particular order);

- PWLB (Public Works Loans Board)
- Local Authorities.
- Financial Institutions (e.g. banks, pensions funds)
- Municipal Bonds Agency (MBA) borrowing – Local Government Funded Agency, raises funds from selling municipal bonds to lend to local authorities
- Issuance of Local Authority Bonds (from Wokingham Borough Council) – Council issue bonds on bond market

Changes to the borrowing strategy for 2022/23

There are no changes to the borrowing strategy for 2022/23.

11. Appendices

- Appendix B – Prudential & Treasury Management Indicators 2022/23 to 2024/25
- Appendix C - Annual Investment Strategy
- Appendix D - MRP Policy

This page is intentionally left blank

Prudential & Treasury Management Indicators 2022/23 to 2024/25

These are primary indicators designed to ensure the key objectives of the Prudential Code are met and that local authorities' capital investment plans are affordable, prudent and sustainable; that treasury management decisions are taken in accordance with good professional practice.

Capital Expenditure

The Council's capital expenditure plans are the key driver of 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 programme.

The Council's Capital programme is summarised below as the required prudential indicators for capital expenditure.

	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Housing, Local Economy & Regeneration	39.9	43.6	15.3	98.8
Roads and Transport	46.0	9.7	6.9	62.6
Children Services and Schools	4.2	11.1	15.9	31.2
Climate Emergency	16.7	7.8	5.8	30.3
Internal Services	10.1	6.1	3.6	19.8
Environment	5.2	1.3	6.1	12.6
Adult Social Care	2.0	6.3	0.8	9.1
Total Capital Programme 2022/23 to 2024/25	124.1	85.9	54.4	264.4

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of funding resources results in a borrowing need.

	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Supported borrowing	(64.0)	(40.2)	(17.1)	(121.3)
Developer contributions (S106 / CIL)	(27.6)	(4.9)	(12.3)	(44.8)
Capital grants	(18.7)	(10.7)	(7.5)	(36.9)
Other contributions	(6.4)	(6.9)	(5.5)	(18.8)
Capital receipts	(0.1)	(6.8)	(7.5)	(14.4)
General fund borrowing	(7.3)	(2.2)	(4.6)	(14.1)
Total	(124.1)	(71.7)	(54.5)	(250.3)

A major source of funding for the Council's capital programme is borrowing. This is described in two forms, supported borrowing and general fund borrowing. A significant part of the Council's capital programme is either self financing or makes a surplus where the income generated is greater than the cost of financing and therefore is available to fund other council services. These are referred to as "supported borrowing". General fund borrowing is funded through existing base budget and supports general investment to maintain Council assets and continue to provide services to customers and residents.

Capital Financing Requirement

The Capital Financing Requirement (CFR) is any capital expenditure above, which has not been funded (resulting in a borrowing need). The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which reduces the borrowing need in line with our MRP policy. The CFR includes any other long- term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include the financing of the asset and so the Council is not required to separately borrow for these schemes.

The following table shows the total CFR for the general fund and therefore excludes the HRA which is shown separately further below.

CFR : General fund Total	Total		
	22/23	23/24	24/25
	£m	£m	£m
Opening balance	432	554	574
Expenditure in year	161	44	23
Repayments in year	(39)	(24)	(20)
Closing balance	554	574	577

This can be broken down further into supported and general fund borrowing.

CFR : General fund	Supported Borrowing			General Fund Borrowing		
	22/23	23/24	24/25	22/23	23/24	24/25
	£m	£m	£m	£m	£m	£m
Opening balance	307	428	450	125	126	124
Expenditure in year	156	42	18	5	2	2
Repayments in year	(35)	(20)	(16)	(4)	(4)	(4)
Closing balance	428	450	452	126	124	125

Supported borrowing consists of different types of supported borrowing which are broken down further below. As described earlier, these are either self-financing or makes a surplus where the income generated is greater than the cost of financing and therefore is available to fund other council services.

CFR : General fund	Total		
	22/23	23/24	24/25
	£m	£m	£m
Invest to Save	183	215	219
Town Centre Regeneration	85	83	79
Wokingham Housing Ltd	49	55	61
Developer contribution forward funded	111	97	93
Closing balance	428	450	452

The following table shows the CFR balance for the HRA. Due to the ringfenced nature of the HRA, the CFR is considered separately to the general fund.

CFR : HRA	Total		
	22/23	23/24	24/25
	£m	£m	£m
Opening balance	80	79	78
Expenditure in year	1	1	1
Repayments in year	(2)	(2)	(2)
Closing balance	79	78	77

External Debt

The Operational Boundary

This is the limit beyond which external borrowing and long-term liabilities are not normally expected to exceed. In most cases, this would be linked to the CFR, but may be lower or higher depending on the levels of actual borrowing and the ability to fund under-borrowing by other cash resources.

	2022/23 £m	2023/24 £m	2024/25 £m
Operational boundary for total debt	696	718	719

Note: calculation CFR *110%

A 10% adjustment is added to the CFR balance in order to calculate the operational boundary. This is deemed prudent enough to cover any fluctuations in borrowing levels throughout the year.

Authorised limit

This is the maximum level of borrowing. It represents a limit beyond which external borrowing is prohibited.

	2022/23 £m	2023/24 £m	2024/25 £m
Authorised limit for total debt	760	783	785

Note: calculation CFR *120%

A 20% adjustment is added to the CFR balance in order to calculate the authorised limit. This is deemed prudent enough to cover any fluctuations in borrowing levels throughout the year.

Affordability

To assess the affordability of a council’s capital programme, the following indicators provide an indication of the impact of the capital investment plans on the Council's overall finances.

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream;

General Fund

2022/23 2023/24 2024/25

Percentage of Financing Costs to Net Revenue Stream	-0.6%	-0.6%	-0.6%
---	-------	-------	-------

This indicator is estimated to remain stable in line with the CFR for general fund borrowing highlighted in the earlier table. Increases in the CFR are related to supported borrowing which have an identified repayment stream to offset the financing costs and therefore has no impact on the ratio percentage above.

Housing Revenue Account (HRA)

2022/23 2023/24 2024/25

Percentage of Financing Costs to Net Revenue Stream	29.9%	29.2%	28.5%
---	-------	-------	-------

The decrease is due to reduction in financing costs as loan repayments are made.

Maturity structure of borrowing

The table below shows the current maturity structure of borrowing forecast as at 31 March 2022. The Council will aim to match the maturity structure of borrowing with the expected profile of when income will come in to repay borrowing.

Long Term Borrowing		31st March 2022 £m
Less than 1 year		96.5
Between 1 and 2 years		19.2
Between 2 and 5 years		13.1
Between 5 and 10 years		26.4
Between 10 and 15 years		39.2
Between 15 and 20 years		0.0
Between 20 and 25 years		1.5
Between 25 and 30 years		3.0
More than 30 years		39.7
Total		238.6

Note: Less than a year borrowing will be replaced with a mixture of new external debt and internal borrowing. The treasury service through the use of its cashflow constantly review its debt and will endeavour to get the best rates available while looking at the long and short term picture of anticipated receipts and payments.

Investment treasury indicator and limit

Total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

	2022/23	2023/24	2024/25
Upper limit for principal sums invested for longer than 365 days	£m	£m	£m
Principal sums invested for longer than 365 days	60	60	60

ANNUAL INVESTMENT STRATEGY

The CIPFA Code and DLUHC (previously 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
Banks 1 higher quality	F1+/AAA	P-1Aaa	A-1+/AA-	£5m	365 days
Banks 1 medium quality	F1+/AA-	P-1Aa3	A-1+/AA-	£3m	365 days
Building Societies				£2m	6 Months
Debt Management Office Account (DMADF)	-	-	-	£20m	3 Months
Guaranteed Organisations	-	-	-	£2m	3 Months
Other local authorities	-	-	-	£10m	5 years / 1825 days
Other Institution Limits (Money Market Funds, Gilts and Supranational investments)	-	-	-	£10m	365 days

Creditworthiness policy

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

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

The Deputy Chief Executive (S151 Officer) 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.

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

DLUHC (CLG at the time) 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 Resources and Assets 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.

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.
d.	NatWest Bank for the provision of Banking Services. The Council is limited to daylight exposure only (i.e. the flow of funds in and out during the day), with a maximum limit of 1 working day.

e.	A body which has been provided with a government issued guarantee for wholesale deposits within specific timeframes. Where these guarantees are in place and the government has a AAA sovereign long term rating these institutions will be included within the Council's criteria, temporarily until such time as the ratings improve or the guarantees are withdrawn. Monies will only be deposited within the timeframe of the guarantee. In addition to this, a maximum limit of £2m with a maximum duration of 3 months is also set.
f.	Eligible Institutions for the HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008, with the necessary ratings required. These institutions have been subject to suitability checks before inclusion and have access to HM Treasury liquidity if needed.

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

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

	* Minimum credit criteria / colour band	Money Limit	Max. maturity period
DMADF – UK Government	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	£10m	Liquid
Local authorities	N/A	£10m	5 years
Term deposits with banks and building societies	AA	£5m	Liquid
CDs or corporate bonds with banks and building societies	A-	£5m	Liquid
Corporate bond funds	AA	£5m	Liquid

Other investment categories:

a.	Share capital in a corporate body – 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.	Loan capital in a corporate body.
c.	Property funds – 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 Resources and Assets, 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 Resources and Assets.

2022/23 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).

DLUHC (previously MHCLG) regulations have been issued which require the full Council to approve a MRP Statement in advance of each financial year. The decision on the level of MRP 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:

- 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.

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

Wokingham continues to ensure it is fully consistent with the statutory duty to make prudent revenue provision. It also follows the statutory guidance, except in some instances, as disclosed below. Final guidance was 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 own that can be disposed of for appreciation, we will make a 10% charge for MRP over 15 years.

Alternative prudent assumptions will be used in the following circumstances.

Expenditure type	WBC MRP charging policy
Freehold land	maximum 60 years using asset life as a guide
Bridges	maximum 60 years using asset life as a guide
Housing, Local Economy and Regeneration a) assets that can be disposed of for appreciation	10% of maximum 15 years asset life
Housing, Local Economy and Regeneration b) all other assets	range of 5 to 40 years (depending on life of asset type)
Loan Capital in WBC holdings	no charge – loan secured by company asset
Forward Funding Schemes	no charge – developer contribution are used to repay principle

For freehold land and bridges, we have opted to increase the charge to a maximum of 60 years, as this gives a more realistic useful life of these asset types.

Housing, Local Economy and Regeneration - a) assets that can be disposed of for appreciation – 10% for a maximum of 15 years asset life. This is a prudent contingency for assets which can be disposed of for appreciation, if they reduce in value when sold, to cover any loss on disposal.

Based on the Council' latest estimates of its Capital financing of its CFR on 31st March 2022 the budget for MRP and voluntary overpayments (VRP) has been set as follows:

Estimated MRP/VRP	2022/23 £m	2023/24 £m	2024/25 £m
MRP (minimum repayment provision)	4	4	4
PFI Principal Charge	1	1	1
Contribution from invest to save schemes	2	3	8
Repayment of forward funded programmes by developer contributions*	3	15	4
Repayment of Loan Principal (e.g. capital receipts)	4	29	1
	14	51	17

Note * this is on receipt of the developer contributions linked to the forward funded schemes.

Impact of IFRS 16 Changes

The MRP Policy above covers the treatment for finance leases. The accounting changes from IFRS 16 – Leases, which apply from 1st April 2022 will not change how the current MRP policy accounts for lease payments. The potential change will be for material operating leases being restated as finance leases which will affect the CFR balance and the estimated MRP payments. Any new leases undertaken from 1st April 2022 may also have an impact on the estimated balances above. The Council are currently reviewing all leases to ensure correct accounting treatment for 2022/23.

MRP Consultation

On 30th November 2021 a consultation was launched (open until 8th February 2022) in respect of potential changes to the current MRP arrangements. The consultation seeks views on a number of potential changes and should those or other changes be taken forward the Council will review its approach going forward as required.

This page is intentionally left blank

TITLE	Corporate Risk Register
FOR CONSIDERATION BY	Audit Committee on 2 February 2022
WARD	None Specific
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

Enterprise Risk Management (ERM) provides for robust and transparent decision-making. Effective ERM is therefore an integral part of the council's governance arrangements and helps demonstrate the effective use of resources and sound internal controls.

The council's Corporate Risk Register (CRR) demonstrates that the council is pro-actively identifying and managing its significant risks.

RECOMMENDATION

The Audit Committee is asked to consider and note the risks and mitigating actions of the Council's corporate risks as detailed in the attached CRR (Appendix A).

SUMMARY OF REPORT

One of the roles of the Audit Committee is to provide assurance on the adequacy of the Council's Risk Management Strategy and associated control environment. It does this by periodically reviewing the Strategy, and evaluating the effectiveness of the Corporate Risk Register.

At its previous meeting on 30 November, the Audit Committee received an update on the latest Council Corporate Risk Register (CRR). Since the last meeting, through the RISK Champions Group, Directors have updated their Directorate Risk Registers and considered any further changes to the CRR. The details of the CRR is attached to this report (Appendix A).

The Deputy Chief Executive and Director of Resources & Assets will attend this Committee to review the risks in his area and specifically give an overview of risk no 1 (Budget and Financial Resilience).

No new risks have been added since the last meeting of the Committee. However, the report contains clarifications and further information called for at the last meeting.

Background

- 1.1 The Council's Constitution sets out the remit of the Audit Committee as follows with regard to Risk Management.

Extract from Constitution (paragraph 4.4.3.2 (d))

To provide an independent assurance of the adequacy of the Risk Management Strategy and the associated control environment. In particular:-

i) To receive the annual review of internal controls and be satisfied that the Annual Governance Statement properly reflects the risk environment and any actions required to improve it;

ii) To receive quarterly reports reviewing implementation of the Council's Risk Management Policy and Strategy to determine whether strategic risks are being actively managed;

iii) To review, revise as necessary and recommend adoption of the Risk Management Policy and Strategy to Executive when changes occur;

iv) To have the knowledge and skills requisite to their role with regard to risk management and to undertake awareness training in respect of Enterprise Risk Management (ERM) as and when specific training needs are identified.

1.2 The Audit Committee has historically received a report on the Corporate Risk Register at each meeting (ii above). The remit of the Committee is to gain assurance on the risk management process as opposed to a detailed analysis of individual risks. In discharging this responsibility, the Committee is advised to focus its review in seeking assurance that the risk management framework ensures that new key risks are identified, that risk mitigations are in place and are effective, and that management action ensures a match with the risk appetite of the Council.

1.3 The Audit Committee may like to consider these questions in relation to the risk register:-

- Is the total level of risk faced by the Council acceptable?
- Do management and others within the Council have a clear understanding of what risks are or are not acceptable to the Council?
- Are all significant internal and external operational, financial, compliance and other risks identified and assessed on an ongoing basis?
- Are all agreed actions identified by management to mitigate risks being implemented in accordance with stated timescales, monitored and reviewed?
- Has the risk management policy and strategy been communicated widely to all staff and Members?

Corporate Risk Register

2.1 The Enterprise Risk Management Policy (ERMP) states that the Corporate Leadership Team (CLT) is responsible for identifying and managing the Council's risks and opportunities, and for setting an example to staff. CLT is also responsible for identifying, analysing and profiling high-level strategic and cross-cutting risks on a regular basis.

2.2 Since the 30 November 2021 meeting of the Audit Committee, Directors and Assistant Directors have reviewed their directorate risk registers and considered whether any new risks have emerged. The Risk Champions group has also met to consider the register in more detail and embed the connection between directorate risk registers and the Corporate Risk Register. Changes made since the last meeting fall into the category of either presentational or new/removed risks.

2.3 The main changes to the composition of the register are as follows:-

Presentational

Changes have been to the presentation of the register to show more clearly:-

- the current assessment of each risk,
- the risk “appetite” and
- the connection between mitigating actions and achieving the desired level of risk i.e. the risk appetite.

Additional Commentary – follow up from last meeting of Committee

Climate Emergency risk mitigations

Members asked previously for further clarification of the mitigation of this risk. Officers report that the climate emergency agenda presents a number of risks to the Council linked to both external and internal factors:-

- The actual impacts of climate change in terms of extraordinary weather events such as storms or extended periods of hot / cold weather, particularly with regard to more vulnerable groups. The development of the Adaptation Plan will be key to mitigating these risks.
- The dependency on the actions of others, both organisations and individuals, to achieve our carbon reduction aspirations. This includes the need for shifts in government policy and funding, technological and societal change, and the complexities of the behaviour change required at the level of individual choice. The continued development and evolution of the Climate Emergency Action Plan (CEAP) will be the primary mechanism for minimising this risk over time.
- The capacity and resources available to the Council for tackling its own carbon emissions and to provide community leadership in demonstrating its own commitment to climate emergency priorities carries a substantial reputational risk, especially given high levels of public scrutiny. This includes financial challenges and competing priorities, for example affordability in delivering the new homes, schools and other infrastructure required to meet community needs whilst also aspiring to zero or low carbon impact.

One of the risk mitigations is the internal audit of climate emergency which is currently underway. It is understood that some members of the Committee have expressed concerns about the scope of the audit. A verbal update will be provided to the meeting.

Adult Social Supplier Sustainability and Sufficiency (risk no. 7)

The description of this risk has been updated to more clearly describe the risk itself. Adult Social Supplier Sustainability and Sufficiency. There has been significant pressure on care providers due to Covid-19. The Council has responded by working closely with suppliers and mitigating the risks to residents.

Risk 12 High Needs Block

A verbal update will be provided at the meeting on funding for Winnersh Farm School and impact on High Needs Block Deficit.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	Yes	Revenue
Next Financial Year (Year 2)	£0	Yes	Revenue
Following Financial Year (Year 3)	£0	Yes	Revenue

Other financial information relevant to the Recommendation/Decision

Effective risk management mitigates financial risks associated with the Council achieving its objectives.

Cross-Council Implications

Risk management influences all areas of the Council – effective risk management is one of the ways assurance is provided that the Council's key priorities and objectives will be achieved.

Public Sector Equality Duty

This is a report to note. An equalities impact assessment is not therefore required.

Climate Emergency – This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030

This is a report to note. However, attention is drawn to the Climate Emergency risk referenced in the risk register.

Reasons for considering the report in Part 2

Not applicable

List of Background Papers

Previous Corporate Risk Register papers to Audit Committee Enterprise Risk Management Strategy and Policy
--

Contact Andrew Moulton	Service Governance
Telephone No Tel: 07747 777298	Email andrew.moulton@wokingham.gov.uk

This page is intentionally left blank

Appendix A - Corporate Risk Register

24 January 2022

Current Assessment	Very High	High	Medium	Low
--------------------	-----------	------	--------	-----

Impact

69

Likelihood

Ref	Risk
1	Budget & Financial Resilience
2	Corporate Governance
3	Workforce
4	Uncontrolled Development (Local Plan Update)
5	Education for Children with SEND
6	Failure to meet statutory duties
7	ASC Supplier Sustainability and Sufficiency
8	Public Protection Partnership
9	Information Governance & Cyber Security
10	Climate Emergency
11	Major Emergency Response (e.g. Pandemic)
12	High Needs Block overspend
13	Health & Social Care Reform*
14	Adult Safeguarding
15	Children's Safeguarding
16*	Increase in demand for Temporary Accommodation

*New risk

Key to Abbreviations

JH	Cllr John Halsall, Leader of Council
JK	Cllr John Kaiser, Dep Leader & Exec Member for Finance
PJ	Cllr Pauline Jorgensen, Exec Member for Highways & Transport
PB	Cllr Parry Batth, Exec Member for Environment & Leisure
SM	Cllr Stuart Munro, Exec Member for Business & Economic Development
GH	Cllr Graham Howe, Exec Member for Children's Services
CM	Cllr Charles Margetts, Exec Member for Health, Wellbeing & Adult Services
BS	Cllr Bill Soane, Exec Member for Neighbourhood & Communities
WS	Cllr Wayne Smith, Exec Member for Planning & Enforcement
GM	Cllr Gregor Murray, Exec Member for Resident Services, Comms & Emissions
SP	Susan Parsonage, Chief Executive
GE	Graham Ebers, Deputy Chief Executive & Director of Resources & Assets
SW	Sally Watkins, Assistant Director Digital & Change
CB	Christine Bennett, Interim Assistant Director, Human Resources
HW	Helen Watson, Interim Director of Children's Services
SM	Steve Moore, Interim Director of Place & Growth
MP	Matt Pope, Director of Adult Social Services
AM	Andrew Moulton, Assistant Director Governance & Monitoring Officer

Key Priorities (from Community Vision and Council Plan)

1. Safe, strong communities
2. Enriching lives
3. Right homes, right places
4. Keeping the Borough moving
5. A clean and green Borough
6. Changing the way we work
7. Be the best we can

Key Priority at Risk: Community Vision

1

RISK: Budget and financial resilience

Due to increased costs, loss of income, increased cost of borrowing or non-realisation of forecast savings there is a risk that the Council is unable to finance its current services resulting in a reduction in reserves and services.

Existing Controls:

- MTFP (inc CFO report on risk)
- Financial and Contract Regulations (section 12 & 13 constitution)
- Budget Monitoring (Revenue & Capital)
- Capital Strategy
- Treasury Management Strategy
- Commercialisation Strategy (July 21)

- Investing in our Community Strategy (July 21)
- CIPFA Resilience Assessment
- Internal Audit
- External Audit

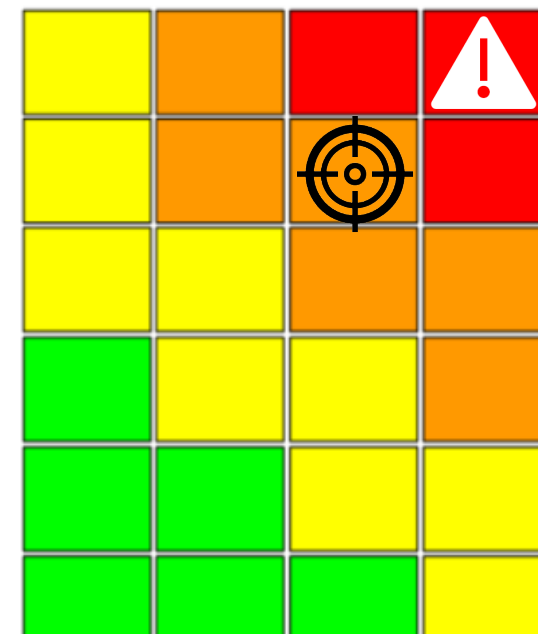
Owner

Change

JK

GE

None



! Current Risk Target Risk on Target

Mitigating Actions

Overview & Scrutiny report to Executive on their consideration of 2022/23 budget proposals

AM

17 Feb 2022

Council approval of balanced budget for 2022/23

GE

17 Feb 2022

Action plans to implement Internal and External Audit findings

GC

March 2022

Ongoing lobbying prior to Dec 22 announcement on three-year settlement

GE

December 2022

Key Priority at Risk: Community Vision

2

RISK: Corporate Governance

Governing effectively to ensure achievement of the Council's purpose and priorities within the resources available and achieving value for money. Without effective corporate governance, there is a risk that through unethical behaviour or ineffective decision-making, residents lose trust in the way the Council undertakes and carries out its duties.

Existing Controls:

- Community Vision and Corporate Delivery Plan
- Local Code of Corporate Governance
- Constitution (i.e. Council rules of procedure, conduct and compliance)
- Annual Governance Statement
- Performance framework
- Risk Management Policy & Guidance
- Internal Audit
- External Audit
- Standards Committee
- Overview & Scrutiny function
- LGA Corporate Peer Challenge
- Governance Dashboard

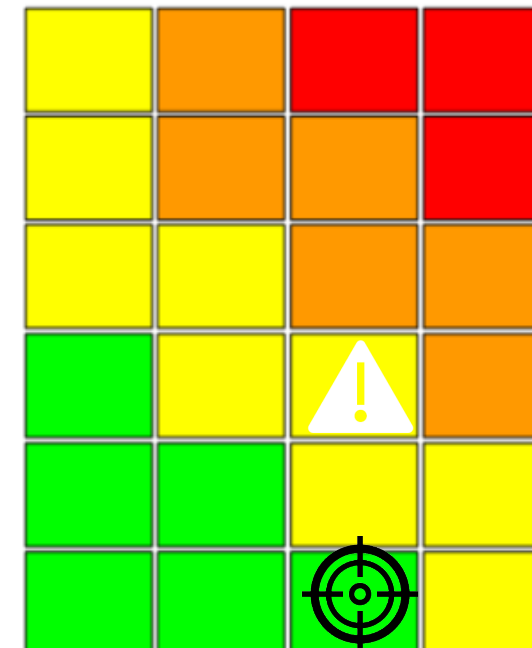
Owner

Change

JH

SP

Decrease



! Current Risk Target Risk on Target

Mitigating Actions

LGA Corporate Peer Review report and action plan

Owner

Date

SP

March 22

AGS 2020/21 improvement action plan implementation

AM

March 22

Key Priority at Risk: Community Vision

3

RISK: Workforce

Due to inability to recruit and retain sufficient permanent staff with the right skills and experience there is a risk that the council is unable to deliver its Community Vision.

Existing Controls:

- Annual Performance Regime
- HR Hub
- Reward and Recognition
- Training Budgets
- Recruitment Resources
- Corporate Staff Survey Action plans

- Corporate Agency Contract
- Management Information
- Management Capacity

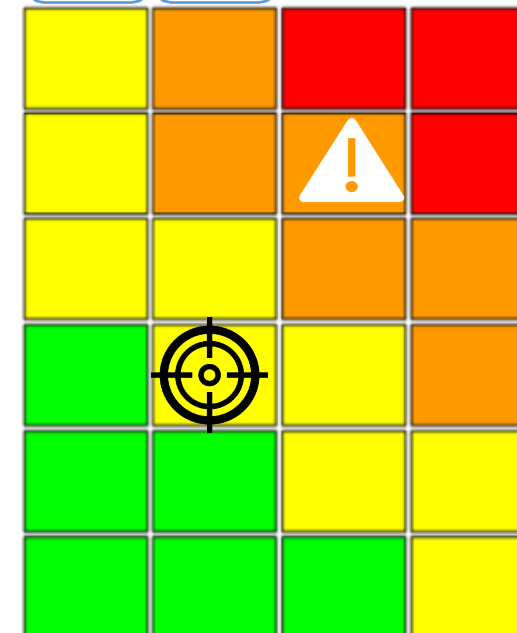
Owner

Change

JK

CB

None



Warning Triangle Current Risk Target Risk on Target

Mitigating Actions

Owner

Date

HR policy review

CB

Dec 2022

New HR operating model

CB

March 2022

HR & OD Strategy

CB

June 2022

Key Priority at Risk: Right Homes, Right Places

4

RISK: Uncontrolled Development - Local Plan Update

Without effective planning policies, there would be no real control or influence over where and how new housing and other types of development take place. This could lead to housing and other forms of development being allowed in poor locations, being of lower quality, and in places where infrastructure cannot be improved to help deal with the impacts.

Existing Controls:

- Timetable for adoption of new Local Plan in place
- Resources allocated
- Public consultation processes
- Monitoring housing developments

- Revised growth strategy agreed by Executive for consultation

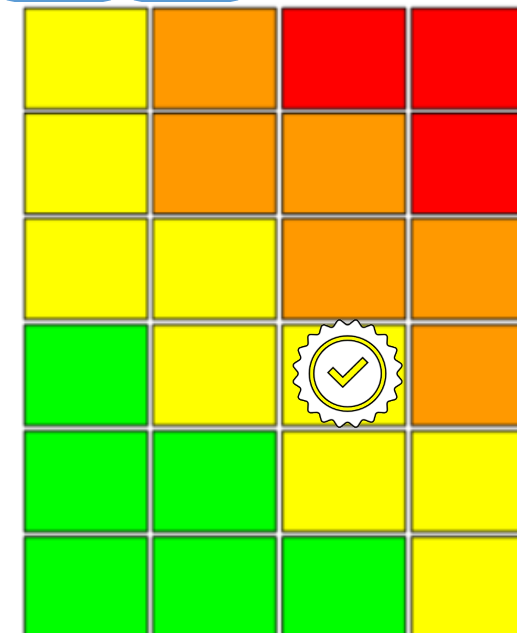
Owner

Change

WS

SM

None



⚠️ Current Risk 🎯 Target ✅ Risk on Target

Mitigating Actions/Key Milestones

Owner

Date

Revised growth strategy public consultation

SM

Nov 21 to Jan 22

Submission of Local Plan Update to Government

SM

Late 22

Inspector examination

SM

2023

Adoption of LPU

SM

2024/25

Key Priority at Risk: Safe, strong communities

5

RISK: Insufficient local provision of education for Children with SEND

Due to inability to meet the growing demands of Children with SEND locally there is a risk that children are educated far away from their families in more costly out of borough provision, putting pressure on the High Needs Block funds.

Existing Controls:

- SEND Strategy
- SEND Improvement Board
- Collaboration with SEND Voices & SENDIASS Wokingham
- Weekly performance tracker

- Improved relationships with providers
- Annual review tracker

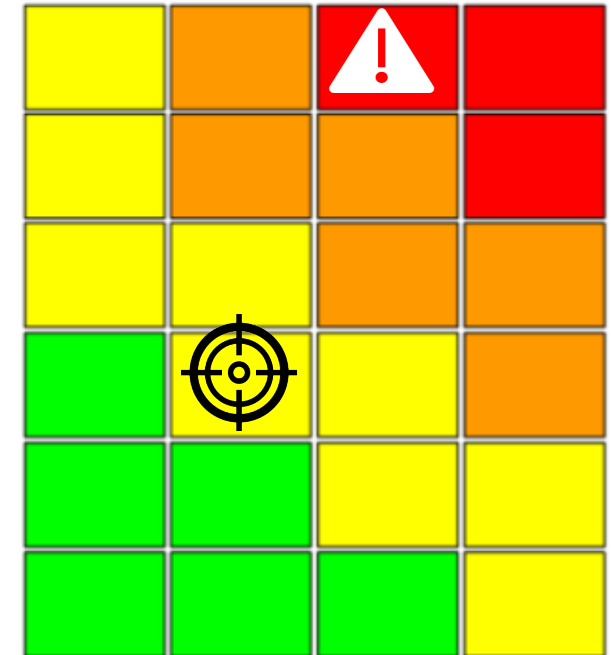
Owner

Change

CM

HW

None



⚠ Current Risk 🎯 Target ✅ Risk on Target

Mitigating Action

Send innovation and improvement programme

Owner

HW

Date

Ongoing

Key Priority at Risk: Enriching Lives & Safe, Strong Communities

6

Failure to meet statutory duties (Health & Safety and Equalities)

Due to insufficient capability/capacity, there is the risk that the Council does not meet its statutory duties in key areas leading to avoidable harm, litigation, fines and reputational damage.

Existing Controls:

- Statutory policies in place for equalities and health & safety
- Resource monitoring vs demand
- Health & Safety specialist advisers in place

- Council wide Equalities Programme established
- Directorate risk registers holding detail of specific mitigations for these risks

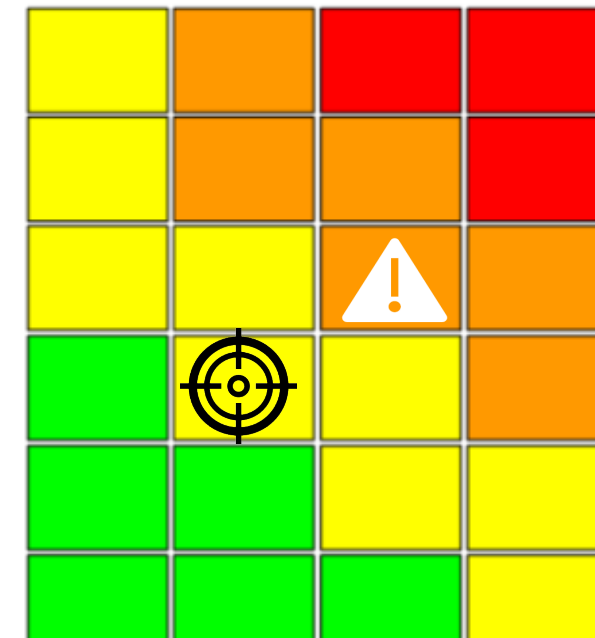
Owner

Change

JH

SP

None



! Current Risk Target Risk on Target

Mitigating Action

Owner

Date

H&S Risk Mitigation Actions detailed in the CIS Risk Register

CB

Feb 22

Equalities Risk Mitigation Actions detailed in the Equalities Programme Risk Register

SW

Feb 22

Key Priority at Risk: Enriching Lives & Safe, Strong Communities

7

Adult Social Care Supplier Sustainability and Sufficiency

Increasing needs of our local population are pushing up the demand for older and disabled people, placing the social care system under huge strain. It is acknowledged that nationally that there is insufficient funding within the care sector to meet the challenges faced by our local care providers. COVID-19 has exacerbated the issues and while local providers have maintained high levels of care, additional workforce pressures will impact on the capacity within the sector. The risks are that a provider may fail or that we are unable to source care for a vulnerable resident.

Existing Controls:

- Optalis provider of last resort
- Care Capacity Tracker monitoring and targeted action taken as required
- Lobbying of MPs and Government
- COVID grant allocation and additional sustainability funding – extension to Mar-22
- Recruitment campaign (Every day is different)
- Quarterly provider forums
- Early warning flags identified for key providers
- ASC COVID task force in place

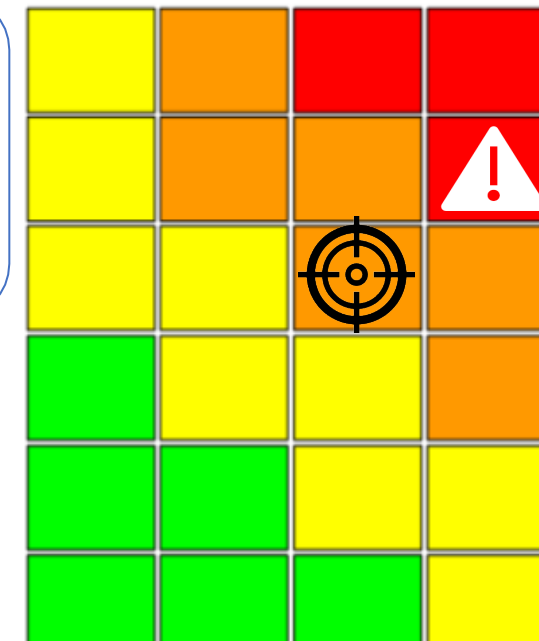
Owner

Change

CM

MP

Increase



Warning Triangle Current Risk Target Risk on Target

Mitigating Action

Owner

Date

Workforce Strategy

MP

Jan 22

ASC Market Position Statement

MP

Mar 22

Additional provider support in place for the winter period: Regular business continuity calls, transport options sourced for home care providers, appeal for redeployees to support care providers

MP

Mar 22

Key Priority at Risk: Community Vision

8

Public Protection Partnership

Due to the complex challenges of implementing a new delivery model for PPP there is a risk that delivery of the service to residents is disrupted leading to resident dissatisfaction and reputational damage.

Existing Controls:

- Transition programme plan in place.
- Programme Manager in place.
- Executive (Sept 21) agreed part provision of regulatory services

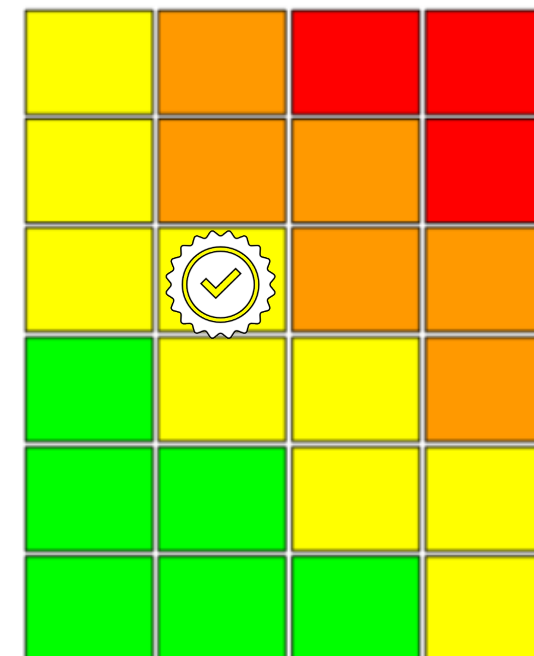
Owner

Change

PB/
JK

SM

None



⚠ Current Risk 🎯 Target ✅ Risk on Target

Mitigating Action

Delivery of PPP programme

Owner

SM

Date

31 March 2022

Objective at Risk: Community Vision

9

Climate Emergency

Due to complexity of behaviour change required, there is a risk that the Council is unable to meet its carbon reduction aspirations leading to a failure of the Borough to deliver its contribution to climate change.

Existing Controls:

66

- Climate Emergency Action Plan (CEAP)
- Climate Emergency Group
- Capital Programme investment
- Overview and Scrutiny review
- Annual Climate Change Report to Council

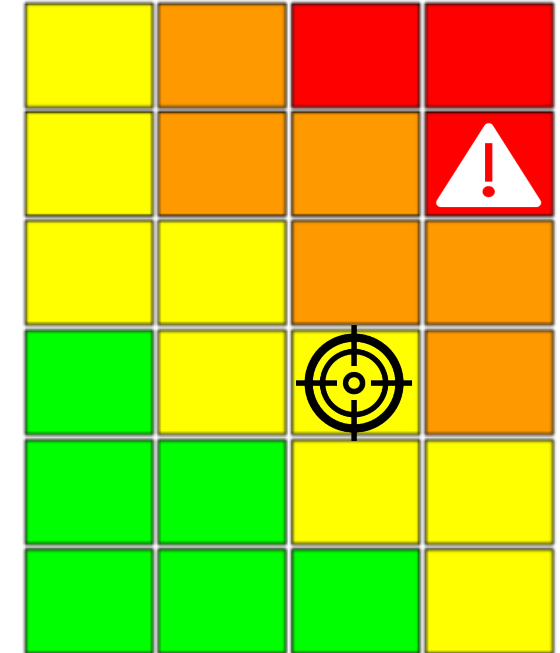
Owner

Change

GM

GE

None



Warning Current Risk Target Risk on Target

Mitigating Action

Owner

Date

Response to Internal Audit

RH

March 22

Climate Change adaptation plan

RH

April 23

Objective at Risk: Community Vision

10

Information Governance and Cyber Security

Cyber attack and/or weak information governance practices leads to the unavailability of key information and/or disclosure of personal sensitive data causing inability to deliver services, increased costs, fines, reputational damage and loss of trust.

Existing Controls:

- Cyber security response team
- Roles and Responsibilities
- Information Security and Acceptable Use Policy
- Encrypted equipment
- E-learning refresher (every 2 years)
- Secure e-mail solution
- Document Marking Scheme
- Data and Information Governance Group

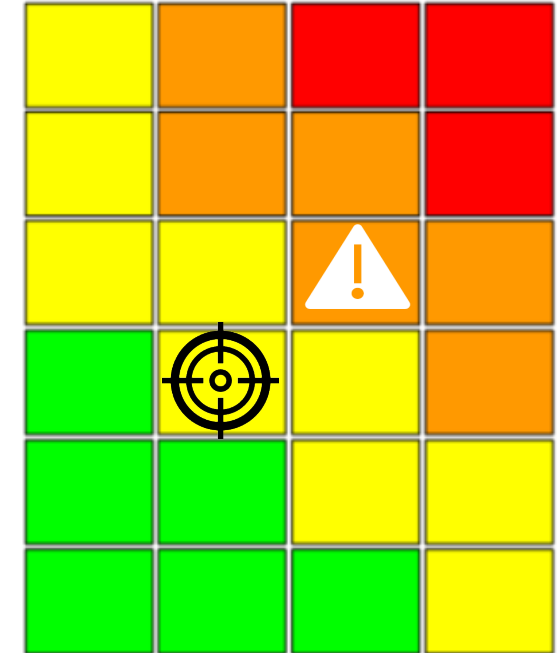
Owner

Change

JK

GE

Increase



Current Risk



Target



Risk on Target

Mitigating Action

Owner

Date

Transparency Data Review

AM

Sept 22

Information Governance & Cyber security awareness programme

AM

March 22

Improved reporting to CLT on information governance and cyber security

AM

March 22

Objective at Risk: Community Vision

11

Major Emergency Response (Pandemic)

Due to an unlikely but high impact major emergency the Council is required to lead a large-scale community response leading to impact on business as usual and requirement to focus resources on key priorities.

Existing Controls:

- Covid Recovery Strategy
- Emergency plan and Council-wide Business Continuity Planning
- Learning from Overview & Scrutiny review of Covid response
- In-house Emergency Planning Service

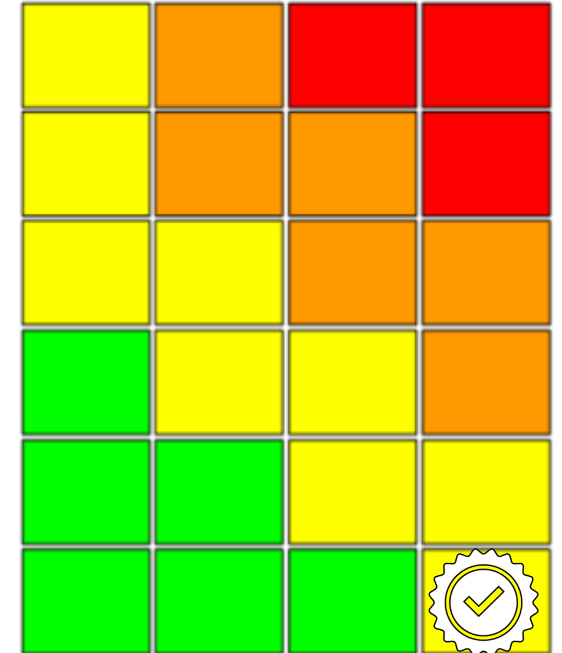
Owner

Change

JH

SP

Decrease



⚠ Current Risk 🎯 Target ✅ Risk on Target

Mitigating Action

Owner

Date

No mitigating actions currently applicable.

-

-

Objective at Risk: Community Vision

12

High Needs Block overspend (link to risk 5)

Due to the increased demand and costs of SEND education provision there is the risk that DfE requires repayment of our high needs block overspend of £xm resulting in a significant impact on reserves and budget pressures.

Existing Controls:

- Deficit Reduction Plan
 - Expansion of Addington School
 - Winnersh Farm School
 - PRU improvement
 - Resource unit review

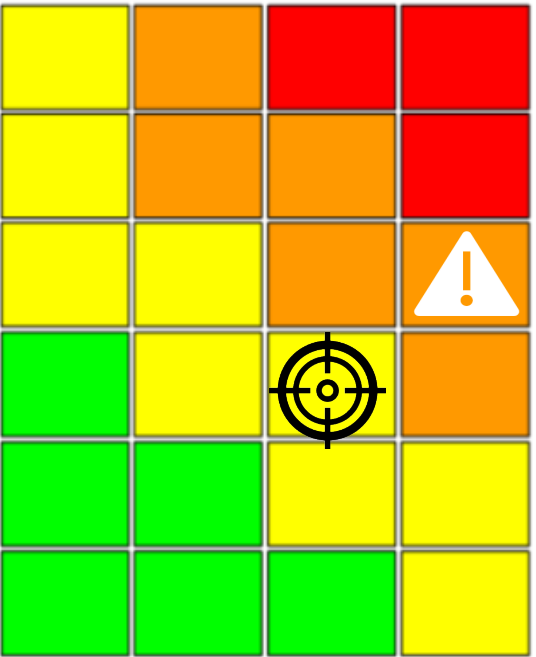
Owner

Change

GH

HW

None



Warning Current Risk Target Risk on Target

Mitigating Action

Owner

Date

Discussions with the Education and Skills Funding Agency around additional funding

HW

Ongoing

Objective at Risk: Community Vision

13

Health & Social Care Reform

Due to uncertainty about government reforms that come into force from 2022, and a funding change to follow in 2023, there is a risk that there are major changes in the Council's responsibilities that lead to significant financial impact and changes to our successful partnership with health.

Existing Controls:

- Monitor legislative changes
- Members lobbying MPs and Government
- Analytical work to assess the potential impact on services
- Working with other LAs through our regional network to consider and plan for future impact

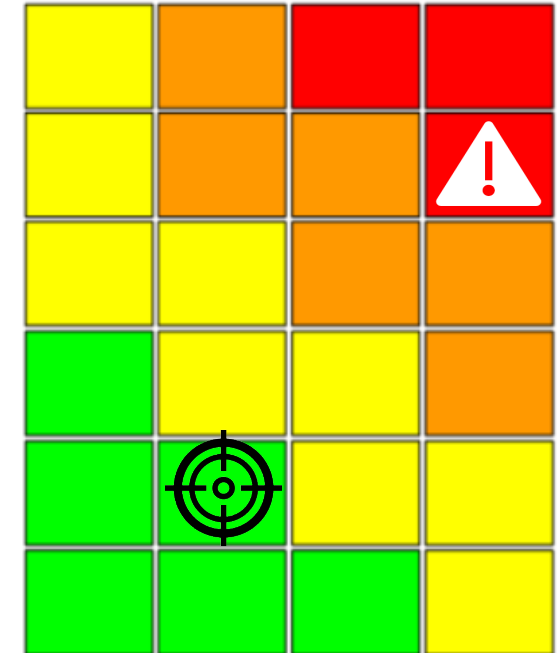
Owner

Change

CM

MP

None



Warning Triangle Current Risk Target Risk on Target

Mitigating Action

Owner

Date

No mitigating actions currently applicable.

-

-

Key Priority at Risk: Enriching Lives & Safe, Strong Communities

14

Failure to meet statutory duties (Safeguarding Adults)

Due to insufficient capability/capacity, there is the risk that the Council does not meet its safeguarding responsibilities for adults leading to avoidable harm, litigation, fines and reputational damage.

Existing Controls:

- Adult Safeguarding Hub (ASH)
- Pan Berkshire Policies and Procedures
- ASH new proportionate and person-centred processes and pathway
- ASH fully staffed and dedicated Admin
- Effective relationships embedded with key partners and forums
- Management and supervision

- Staff training and awareness
- Berkshire West Safeguarding Board
- Optalis contract as emergency provider
- Care Governance Quality Assurance
- Market Failure protocol
- Risk Assessment for Safeguarding complete
- Joint working between HoS and PSW

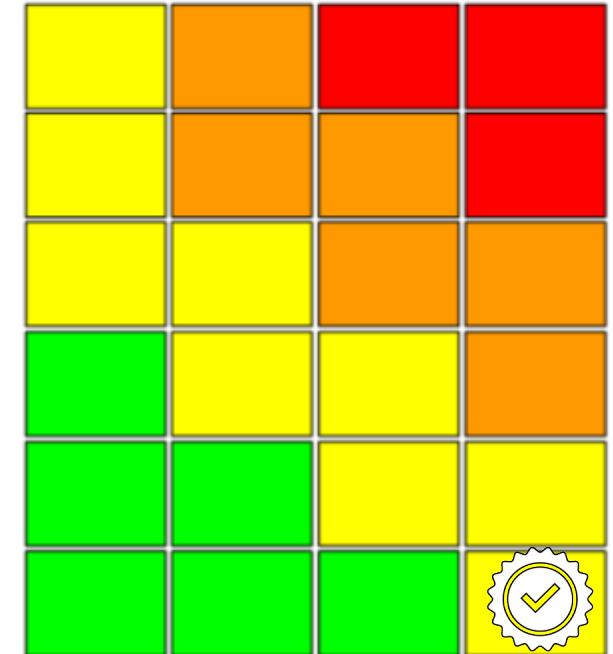
Owner

Change

CM

MP

None



⚠ Current Risk 🎯 Target ✅ Risk on Target

Mitigating Action

Ensure workforce development around bespoke safeguarding are addressed

MP

Mar 23

Implement QAF for Safeguarding

MP

Mar 23

Key Priority at Risk: Enriching Lives & Safe, Strong Communities

15

Failure to meet statutory duties (Safeguarding Children)

Due to insufficient capability/capacity, there is the risk that the Council does not meet its safeguarding responsibilities for Children leading to avoidable harm, litigation, fines and reputational damage.

Existing Controls:

- BWSCP Child Protection Procedures and Safeguarding Partnership
- Staff Training
- Case Reviews & Audits
- Policies and Procedures
- Practice Framework
- Staff Supervision
- Quality Assurance Framework

- Sufficient skilled workforce
- Growth of budget based on growth of need
- Manageable case loads
- Managers reduced span of control
- Practice consultants
- OFSTED informed action plan to improvement
- “Early Warning” process developed

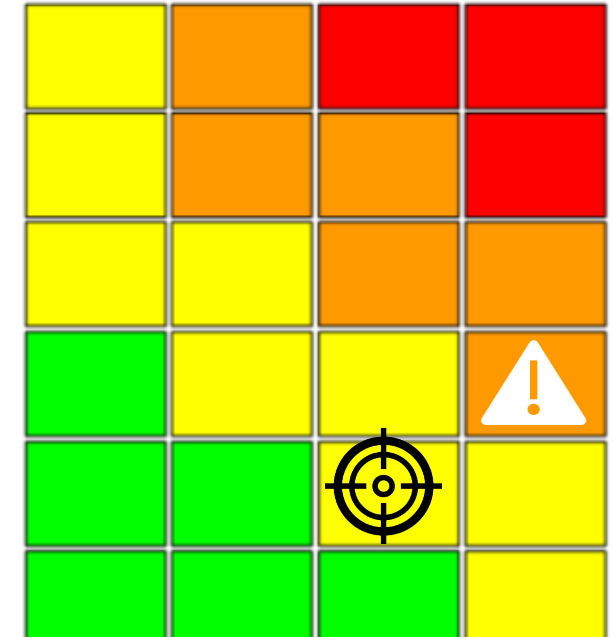
Owner

Change

GH

HW

None



! Current Risk Target Risk on Target

Mitigating Action

Continuous Improvement Programme (CIP) for Children’s Services to include implementing approaches to reducing/managing demand for statutory services.

Establish process for reviewing Business Continuity plans in response to emerging or anticipated threats which may affect staffing

Ongoing response to internal/external audits and sources of external assurance including implementation of recommendations.

Strengthen partnership working to ensure thresholds are understood

Owner

Date

HW

31st March 22

HW

31st March 22

HW

Ongoing

HW

Ongoing

This page is intentionally left blank

TITLE	Independent Member of Audit Committee
FOR CONSIDERATION BY	Audit Committee on 2 February 2022
WARD	None Specific
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

To enable Members of the committee to consider the appointment of an Independent Member to the Audit Committee as per the CIPFA Best Practice Guidance.

RECOMMENDATIONS

That the Audit Committee:-

- (a) Review and discuss the proposal to co-opt an independent member onto the committee.
- (b) Where appropriate, approve the independent member role profile.
- (c) Where appropriate, recommend the following to Council:
 - That an Independent member is co-opted on to the Audit Committee on a non-voting basis and the Constitution is updated accordingly to reflect this.
 - The role profile is approved.
 - That the appointment of the independent member is delegated to the Audit Committee
 - That the process for selecting and recommending an appropriate candidate is delegated to the Assistant Director Governance in consultation with the Chair of the Audit Committee.

SUMMARY OF REPORT

The Audit Committee recently undertook a self-assessment against CIPFA guidance on best practice for audit committees in local government. One of the areas identified for further consideration was the inclusion/appointment of an independent member to the Committee.

The report sets out the benefits of appointing an independent member, clarifies the voting rights of the independent member and sets out the profile/role description for the position.

Background

1. At the Audit Committee meeting of 15th September 2021 the results of the self-assessment exercise highlighted an action in relation to the consideration of including at least one independent member to the Audit Committee.
2. The action plan detailed that a report would be tabled to this Committee which facilitated the consideration of an independent member.

Review of Independent member role

3. The guidance to support those acting as audit committee members in local authorities recognises CIPFA's publication "Audit Committees: Practical Guidance for Local Authorities and Police (2018)" as representing "proper audit committee practices."
4. This guidance defines the way in which audit committees should be established and undertake its functions, including the functional reporting requirements to the governance group charged with providing independent assurance on the adequacy of the control environment, comprising risk management, control and governance.
5. Best practice dictates that governance, risk management and strong financial controls be embedded in the daily and regular business of an organisation. The existence of an audit committee does not remove responsibility from senior managers, members and leaders, but provides an opportunity and resource to focus on these issues. CIPFA considers that Audit Committees must also actively explore the appointment of at least one independent member to the Committee. This is in line with good practice to demonstrate good governance principles and independence from the executive and other political allegiances.
6. Good practice shows that co-option of independent members is beneficial to the audit committee. It is a requirement for police audit committees, English combined authorities and for local authorities in Wales, and it is usual practice for non-executives to be committee members in health and central government audit committees. The injection of an external view can often bring a new approach to committee discussions.
7. Authorities that have chosen to recruit independent members have done so for a number of reasons:
 - To bring additional knowledge and expertise to the committee;
 - To reinforce the political neutrality and independence of the committee; and
 - To maintain continuity of committee membership where membership is affected by the electoral cycle.
8. Under the Council's constitution, the approval of the Annual Statement of Accounts is one the delegated functions for the Audit Committee is:-

"4.4.3.3 Accounts a) To agree the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and

whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

9. Under S102(3) of the Local Government Act 1972, Co-opted members are not permitted to be members on Committees which are responsible for “regulating and controlling the finance of the local authority”.
10. CIPFA do acknowledge these limitations recommending that Local Authorities should have regard to Section 13 of the Local Government and Housing Act 1989 which relates to the voting rights of non-elected committee members. This states that “A person who – (a) is a member of a committee appointed under a power to which this section applies by a relevant authority and is not a member of that authority; shall for all purposes be treated as a non-voting member of that committee.”
11. Their view is that where an audit committee is operating as an advisory committee under the Local Government Act 1972, making recommendations rather than policy, then all members of the committee (including a co-opted member) should be able to vote on those recommendations. However, where a council has delegated decisions to the committee, for example the adoption of the financial statements, then independent members will not be able to vote on those matters for decision.
12. CIPFA do though acknowledge where authorities make use of independent members there are practical things to borne in mind:-
 - Over-reliance on the independent members by other committee members can lead to a lack of engagement across the full committee;
 - Lack of organisational knowledge or ‘context’ among the independent members when considering risk registers or audit reports;
 - Effort is required from both independent members and officers to establish an effective working relationship and establish appropriate protocols for briefings and access to information.
13. While operating as a member of the audit committee, the independent member is required to follow the Council’s Standing Orders and the Code of Conduct for elected members. They should also register any interests. As stated above, where there are recommendations for decision, the independent member would not have the right to vote on those decisions.
14. The primary considerations when considering audit committee membership should be maximising the committee’s knowledge base and skills, being able to demonstrate objectivity and independence, and having a membership that will work together.
15. CIPFA also acknowledge that there are currently no statutory requirements that determine that local authorities must appoint independent co-opted members, albeit such appointments are a requirement within police authorities, English combined authorities and for local authorities in Wales. This was a recommendation made by Sir Tony Redmond within the Redmond review, and subsequently this could become a requirement (as with police authorities, English combined authorities and local authorities in Wales) in the future.

16. The NAO has recommended that government work with local authorities and stakeholders to assess the implications of, and possible responses to the effectiveness of audit committees and how to increase the use of independent members.
17. Analysis across Berkshire shows that only one of the other Authorities currently have independent members co-opted onto their audit committees. This is Slough Borough Council.
18. A role profile is attached at appendix A which would be used in order to advertise and recruit for the independent member. It is proposed that an annual remuneration of £1,000 plus reasonable travel expenses (where this is within the Borough) be offered for the position.
19. Should the Committee recommend to Full Council that an independent member is co-opted onto this committee, a panel comprising of the Chair of this Committee, the Assistant Director Governance together with another member of this Committee would convene in order to recruit to the position.

CONCLUSIONS

20. At present there are no statutory requirements on the authority to appoint an independent member to the audit committee. The NAO has recommended that further work be done by government with local authorities and other stakeholders to examine how the use of independent members on audit committees can be increased. This has also been supplemented by the recommendation by Sir Tony Redmond within his review.
21. Guidance from CIPFA notes both positive and cautionary reasons for such appointments and decisions of this nature need to take account of each local authority's own circumstances.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	Yes	Revenue
Next Financial Year (Year 2)	£1,000	Yes	Revenue
Following Financial Year (Year 3)	£1,000	Yes	Revenue

Other financial information relevant to the Recommendation/Decision
None

Cross-Council Implications
None

Public Sector Equality Duty
This is a report for information.

Climate Emergency – <i>This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030</i>
No specific implications.

Reasons for considering the report in Part 2
Not applicable.

List of Background Papers
CIPFA Audit Committees Practical Guidance for Local Authorities and Police National Audit Office (NAO) Report – Local Authority Governance

Contact Andrew Moulton	Service Governance
Telephone No Tel: 07747 777298	Email andrew.moulton@wokingham.gov.uk

This page is intentionally left blank

APPENDIX A – ROLE DESCRIPTION

Appointment of an Independent Audit Committee Member (Independent Person)

Wokingham Borough Council has a strong track record of good corporate governance and robust financial management, but remains keen to implement continuous improvement in these areas. To support this ongoing process, we are now seeking to recruit a proficient Independent Person to serve on the Council's Audit Committee.

About the Audit Committee

The Audit Committee is a key component of Wokingham Borough Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

Its role is:

- To provide independent assurance to Councillors of the adequacy of the risk management framework and the internal control environment;
- To provide independent review of the Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes;
- To oversee internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

The full list of functions of the Audit Committee can be found in the Council's constitution.

ROLE DESCRIPTION

Responsible to: The Authority

Liaison with: Monitoring Officer, Members of the Authority, officers, the Chair of the Audit Committee and key stakeholders within the community.

Duties to include:

- 1) Assisting the Committee with scrutinising the authority's statement of accounts for its approval
- 2) Reviewing the Council's corporate governance arrangements
- 3) Receiving reports/presentations from the Council's Head of Internal Audit, considering the main issues identified and monitoring management action in response
- 4) Receiving and considering the external auditor's opinion and reports and monitoring management action in response to any issues raised
- 5) Considering the effectiveness and adequacy of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
- 6) Considering the adequacy of the action being taken on risk related issues identified by auditors and inspectors
- 7) Ensuring effective scrutiny of the Council's Treasury Management Strategy and Policies

SELECTION CRITERIA - SKILLS AND COMPETENCIES

Experience

- Experience of working in a medium/large organisation at a senior level or other experience which would give similar benefits.
- Financial Management experience (accountancy, audit or management of a large budget) would be advantageous.

Skills

- An ability to understand complex issues and the importance of accountability and probity in public life
- An ability to analyse and question written and verbal reports on audit and risk management activities
- An understanding of the need for independence of audit from daily management responsibilities
- An ability to demonstrate integrity and discretion
- Effective interpersonal skills
- Be able to maintain strictest confidentiality of sensitive information

Knowledge

All members of the Audit Committee should have, or should acquire as soon as possible after appointment:

- An understanding of the objectives and key activities of the Council and current major initiatives and significant issues for the Council
- An understanding of the Council's structures and responsibilities, including key relationships with partners, businesses and organisations
- An understanding of the organisation's culture
- An understanding of any relevant legislation or other rules governing the organisation
- An understanding of corporate governance arrangements in place across the Council
- An understanding of the government environment generally
- An understanding of risk management
- Ensure effective scrutiny of the Council's Treasury Management Strategy and Policies

Eligibility for Appointment

You must:

- Have local connections and live within the Borough or carry out the main part of your work in the Borough
- Agree to abide by the provisions of the Council's Standing Orders and the Members Code of Conduct while serving on the Committee

You must not:

- Be a Councillor or Officer of the Council or have been so in the preceding five years prior to appointment

- Be related to, or a close friend of, any Councillor or Officer of Wokingham Borough Council
- Have been convicted of any offence
- Be an undischarged bankrupt
- Have significant business dealings with the Council
- Have a formal connection with any political group
- Have a proven history of vexatious and/or frivolous complaints against Wokingham Borough Council
- Be holder of a significant office in an organisation being grant aided/supported by Wokingham Borough Council

You should demonstrate in your application how you meet the above criteria as this will assist the short-listing process.

Means of assessment will be by application form and panel interview.

Commitment

You will be expected to attend at least 5 of 6 meetings per year. Meetings usually take place in February, June, July, September, November. They are usually held at the Council Offices, Shute End, Wokingham and start at 7pm. They last approximately 2 hours. Time will also be needed prior to each meeting for preparation.

Remuneration

An allowance of £1,000 per annum would be applied to the post. An allowance for reasonable travel expenses (where this is within the Borough) would also be reimbursed.

This page is intentionally left blank